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Management RECORD

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- The Executive Recruiters
- Impact of SUB on the Economy
- Size of Company Pensions
- Auto Allowances for Salesmen

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NATIONAL INDUSTRIAL CONFERENCE BOARD

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Management Record

February, 1956

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• In the Record •

What About Executive Recruiters?

When a company needs a top executive and has trouble finding the right man, what should it do?

One answer is to turn the job over to an executive recruiting firm which, given enough time, will usually be able to recommend some candidates for the position. But many companies feel that they don't know enough about executive recruiters to turn the responsibility over to them. Others are dubious about the actual benefits such firms provide business generally.

As the article starting on the next page points out, a frequent criticism levied against executive recruiters is that they do not create new executive talent but merely shift around the available pool. The executive recruiters, on the other hand, say that almost every placement they help make is actually a promotion, and therefore the men down the line are likely to benefit in turn. This article discusses these and other important matters as it attempts to answer the question "What About Executive Recruiters?"

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SUB Plans—Their Economic Impact

Many economists have questioned the possible effects of supplemental unemployment benefit plans. Some see these programs as a hazard to the workings of a competitive economy. But Dr. Sumner H. Slichter of Harvard University does not see SUB plans as creating any further pressures on smaller businesses. Nor does he believe they will weaken what he calls "the spirit of adventure" in American business.

Dr. Slichter does believe that SUB plans could offer certain advantages as an economic stabilizer. However, as his speech starting on page 45 points out, he doubts that their effect will be substantial because he doesn't believe these plans will spread much further. The majority of unionized workers in this country are not interested in SUB, Dr. Slichter contends, because most of them have adequate seniority status as protection against layoff. This being the case, Dr. Slichter says that "the only way in which we can get the stabilizing effect that we need from adequate unemployment compensation benefits is through greatly liberalizing the benefits paid under the state schemes."

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The Size of Company Pensions

If a prospective employee decided to pick his job on the basis of the size of the pension he would receive at sixty-five, would he do better to concentrate his search for employment in manufacturing or nonmanufacturing companies? Should he look for a firm with a contributory or a noncontributory pension plan? And what about size—would he do better in a large or a small company? Would his pension tend to go up or down if a union had negotiated the plan rather than the company setting it up unilaterally?

Of course no one selects a job on the basis of pension benefits alone. But in the story starting on page 48, a hypothetical thirty-year employee with average annual earnings of $3,600 and $6,000 has his pension benefits computed according to 120 formulas. The size of these benefits is then correlated with six other factors, four of which have been mentioned above. You'll find all the facts and figures in "The Size of Company Pensions."

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Automobile Allowances for Salesmen

Once a year the Board surveys various companies to find out what financial arrangements they make with their salesmen who drive automobiles on business. Are the cars owned or leased by the company, or do they prefer to reimburse the salesman for the use of his own car? And if the latter, is the salesman paid a flat mileage rate or does the rate decrease after a certain number of miles are driven? Or perhaps some other method is employed. Are expenses such as garage and towing taken care of by the company? And what about insurance—who pays for it?

Answers to questions such as these were supplied by 244 companies in this country. Also, for the first time, sixty-three Canadian firms were covered. You'll find the whole picture tabulated in "Automobile Allowances for Salesmen." It starts on page 52.

• • •

Wage Adjustments in 1955

A nickel an hour plus more liberal fringe benefits was the "standard" adjustment in 1955, according to the Board's yearly summary of confirmed wage adjustments. There is, however, a big qualifier to be taken into consideration. For in the second half of the year, adjustments for over 5 cents were much more numerous, with 10 cents an hour becoming quite common as business activity reached record levels. And it is likely that those unions that settled for a nickel or less an hour in the first six months will be back again in 1956 for increases that will at least bring them up to the second-half level.

"Wage Adjustments in 1955" starts on page 56.

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What About Executive Recruiters?

Some companies believe that these specialized "talent scouts" are a real help in filling top positions; others demur. Both sides of this argument are carefully examined here

WHO ARE these executive recruiters? Can they help us fill top positions? What are their backgrounds? What do they charge? Are they worth it?

Companies are beginning to ask questions like these with increasing frequency. For a new specialty is emerging—executive recruitment. A number of firms now are devoting full time to the business of finding executives for companies.

Good executives and administrators, as everyone knows, are in short supply. This situation is not peculiar to business firms. Washington is constantly on the lookout for top men to take important assignments in the government. There are current vacancies for several dozen college presidents. Qualified leaders are needed by the church, by labor unions, by the military services, and by almost every other organization in society that might be mentioned. The shortage of leaders, according to some, is more acute today than ever before in the history of our country.

Persons of high competence always have been attracted to business, and doubtlessly this will continue to be the case. Today, men of outstanding ability are directing American business, but the line of succession appears thin. With business operating at record levels and with further expansion predicted, the need for a full complement of young executives is clear.

But where are these young executives to be found? And can enough of them be found? The depression in the Thirties cut the birth rate. The war in the Forties took young men out of industry for three or four years. And these are only two of many factors which, in combination, have brought about the present shortage of trained executives.

Many companies already have moved to safeguard their future by bringing capable young men from the colleges and elsewhere into their organizations, and then offering them a broad program of managerial development. These companies will need to go outside only rarely when the time comes to replace their present officers. They will have "home-grown" executives ready to move up as vacancies occur.

Of course even with the best of planning there always will be occasions when companies, particularly those that are expanding rapidly and those getting into new-product fields, will go outside their own organizations to get the right man. But the companies that have not looked ahead in anticipating their future needs will be going outside regularly. And these companies, it must be said, are not in the minority.

Going outside is not as simple a matter as it may appear to be. Just who is to do it? And just how is it to be done?

Let us suppose that the mythical Whiteside Manufacturing Company needs a sales vice-president and that there seems to be no one in the organization qualified for the job. What does Whiteside do? Is it up to the retiring vice-president to suggest his successor? Or should the president make some discreet inquiries at his luncheon club or among his golf companions? Should an employment agency be asked to recommend two or three candidates?

A Whiteside officer recalls attending a management conference at which he heard a sales manager make a rousing speech. The man impressed him most favorably. Maybe he is just the person for the job. His name is tossed into the hat.

Two Statements by Executive Recruiters

A Raid or a Service?

We feel that we have a professional obligation to disturb industry as little as possible, and we never raid a company in recruiting a candidate for a client. We try to get a man who is in a situation where he either has a couple of strong assistants who are only a year or two younger than he is, or we try to get the No. 2 man. In such a situation, the candidate's change in position really relieves congestion.

How the Recruiter May Help

In conducting its search the executive recruiting firm becomes in effect a part of the company's management group. In addition to providing counsel on such subjects as the type of experience needed, the compensation to be paid, and the allocation of specific responsibilities, the executive recruiter relieves the president and his key officers of the time-consuming duties of searching, interviewing, appraising and negotiating with potential candidates.

But it turns out this gentleman is employed by a competing firm. And apparently he is happy where he is. Nevertheless, should someone sound him out? And if so, should he be contacted at the office or at his home? How can it be determined if he has the qualifications desired by Whiteside as well as the personality to "fit in" with the Whiteside management family? Finally, aren't there perhaps a dozen other men around the country who should be considered along with this sales manager?

It is at this point that Whiteside, or almost any company, is apt to throw up its hands and cry for help. And help is now available—at a price, of course.

While management and psychological consulting firms have been doing executive recruitment work for client companies for many years, the emergence of specialists devoting full time to executive recruiting is a fairly recent development.[1] Some of the most active firms are less than five years old. A few have been in the business ten or more years. Most of them are located in the large cities, notably New York.

No one is able to say just how many individuals and firms are doing executive recruiting today, but it is known that the activity is mushrooming. It is fast becoming "big business."

In an effort to learn what is going on, THE CONFERENCE BOARD called on a number of companies that have been making use of executive recruiters and also on several of the recruiting firms. All supplied the desired information in detail and without hesitation. Their composite answers to the Board's questions follow.

Q. By what other names are executive recruiters known?

A. They are called talent scouts, "flesh peddlers," pirates, as well as some unprintable names by companies that have been raided.

Q. What are the backgrounds of most executive recruiters?

A. General business; management consulting firms; personnel work; industrial psychological work.

Q. Is executive recruitment a racket?

A. It has been so characterized by some. And there are aspects of the business that lend themselves to fun-poking, and worse. The few articles about executive recruiters that have been published have been on the flip side. But recruiters who have been trying to do a good job resent implications that their work has any of the characteristics of a racket.

Also, these recruiters would like it known that their job is no bed of roses. They work hard, they say, and they have their share of headaches. A few they are quick to mention are: getting companies to understand their services; getting companies to define their needs; interesting good prospects in other opportunities (more money, for example, is no longer sufficient); convincing good prospects that administrative skills are transferable from company to company and even from industry to industry; the handling of a multitude of personality matters, such as problems concerning the wives of some executives, insistence on certain geographical locations, and many more things.

Q. Are the executive recruiting firms really employment agencies?

A. No. The executive recruiter is engaged by the company; and the company pays a fee whether or not it hires one of the recruiter's candidates. The recruiter can conduct his search anywhere, whereas the employment agency usually is prohibited by law from contacting employed persons and those not registered with the agency. Also, very few employment agencies have had experience in filling top-level positions.

Q. What size and what type of company can executive recruiters serve best?

A. No differences are reported. But recruiters do say they have difficulty in interesting high-caliber executives in small, family-owned businesses.

Q. Under what circumstances are companies likely to engage the services of executive recruiters?

A. There are various circumstances, such as the following:

1. Companies that are expanding rapidly.
2. Companies that are decentralizing, and thus need new executive teams.
3. Companies that are getting into new-product areas.
4. Companies that have failed in their own search to find the "right" man for an important vacancy.
5. Companies that have come to the conclusion that executive recruitment can best be done by specialists.

Q. Does the executive recruiter perform a real service?

A. There are, as might be expected, differences of opinion on this question. Some companies that have used the recruiters regularly for several years in filling important vacancies feel that they are performing a much needed service to business. Other companies point out that since the recruiters do not *create* addi-

[1] Consulting firms conduct investigations and advise companies on many different matters. Their recommendations often involve changes in top-level personnel. A company may ask its consulting firm to follow through and find the executives that are needed to carry out the recommendations. The consultants cannot very well refuse this request. Yet they may not feel qualified to do executive recruitment work. And they may do it reluctantly, fearing to lose more friends than they would make during the course of the search.

tional executives, they do nothing more than reshuffle the existing supply. This, they reason, is no service to business in general, although it may be of benefit to individual companies. The recruiters answer this argument by pointing out that almost every placement that is made as a result of their efforts represents a *promotion,* and one or more persons down the line is apt to benefit. Some may be moved into management echelons for the first time. Thus, new executives *are* created.

Q. How does the executive recruiter work?

A. A full answer to this question would require several pages, but the nature and scope of the recruiter's approach may be indicated in outline form.

He receives a request for help from a company.

He visits the company, studies its organization, and talks with the top officers.

The job to be filled is carefully defined, and the type of individual desired by the company is described in detail.

The recruiter then makes a wide, systematic search for suitable candidates.

A number of names are obtained and screened. References are checked. Tests may be given. Those who seem best qualified are interviewed—and so are their wives.

Three or four of the top candidates are "recommended" to the company.

The company makes the final selection and job offer.

Q. How much does the recruiter charge?

A. One formula is 20% of the first year's base salary plus expenses, or $2,500, whichever is greater. If the recruiter's search is unsuccessful or if the company appoints some one of its own selection, a *per diem* charge of approximately $150 is made. It may be argued that executive recruiters should always be compensated on a straight *per diem* basis, just as other management consultants.

Q. How long does it take a recruiter to find the right man for the job?

A. An average period is about ten to twelve weeks. But the duration of any particular search may vary a great deal depending upon the factors involved.

Q. What degree of success is claimed by executive recruiters?

A. One recruiter answered this query as follows: "We are 85% successful if we have enough time. But a company may become impatient, or it may find its own candidate. About half of our assignments are carried to completion. . . . It should be remembered that we get only the tough cases. Usually the companies come to us after they have failed to find someone through their own efforts."

Q. Do recruiters mark some companies "off limits"?

A. Yes. They do not recruit from client companies for obvious reasons. And they may refrain from approaching executives of other companies where the specific request is made of them. But they may reply to this: "Does that mean that you are standing in the way of your executives who are qualified for advancement? Do you not believe in the free enterprise system?" Most companies, the recruiters report, are "good sports" about the matter, and are genuinely glad to see their executives recognized and promoted to positions of greater responsibility.

STEPHEN HABBE
Division of Personnel Administration

Briefs on Personnel Practices

Laying the Groundwork for a Management Training Program

How much time is needed to set up a workable management training program?

Several years, at least, according to executives of the Bemis Bro. Bag Co. The company's decision to put more emphasis on training came in 1948. This responsibility was assigned to a member of the personnel department. The following steps were then taken to get the program under way. (1) A study was made at the plants to determine the training needs. (2) The programs of other companies were surveyed. By the end of the first year, the Bemis' training director was ready to launch the first round of training classes. (3) A library of case material was collected. (4) A considerable period was spent training selected men from each of the company's plants for the role of conference leaders.

Finally, in 1952, the full program was established on a plant-by-plant basis.

Today, after seven years of preparation and experience, the company reports that its program is beginning to pay off.

Perfect Attendance Bonuses

Nonexempt salaried employees of the Hoover Company, North Canton, Ohio, may win perfect attendance bonuses every four weeks. The bonus award, a twenty-five-year-old custom of the company, is $2 for every four-week period that the employee is neither absent nor late. Persons who persevere for the entire year (or thirteen four-week periods) and receive $26 are given special recognition in the employee publication. Almost 60% of eligible employees receive the awards each four-week period.

SUB Plans —Their Economic Impact[1]

by Sumner H. Slichter

Lamont University Professor, Harvard University

IN APPRAISING the economic impact of supplemental unemployment benefit plans, it is necessary to differentiate between the savings type of plan, such as the plans in the glass industry, and the insurance type of plan found in the automobile and can industries. The savings plans are fundamentally a conventional economic device; it is simply a way by which all employees automatically save a part of a wage increase. And they raise no new fundamental economic issues.

The insurance plans, however, do raise new economic issues because they represent a real redistribution of income in favor of the unemployed, and because they will eventually make the employer's costs vary, at least to a small extent, with the amount of unemployment among his employees. I have selected a few questions about SUB plans which seem to me particularly important:

1. Will the spread of agreements of the Ford-GM type or the American Can type squeeze small and less successful employers? Will it, perhaps, put some of them out of business?
2. Will plans of this sort make men prefer idleness to work?
3. Will plans of the Ford-GM type and the American Can type weaken the spirit of adventure in American management?
4. Will the spread of plans of this type, and we can include the glass plan here, add substantially to the stability of the economy by increasing the incomes of the unemployed during recessions?

At the outset, let me remark that there is a need for substantially greater unemployment benefits. Today the average benefit is around $24 a week. The average factory worker, who gets a little more money than the average worker, is making almost $80 a week. So there is an enormous spread between what people earn and what they may draw as benefits if they are unemployed. And this spread has not been diminishing; it has been growing.

A few years ago the average benefit was around 43% of the wages previously earned by the beneficiaries, who include, of course, nonfactory workers as well as factory workers. Now the amount is down to around 34%, in spite of the fact that the legislatures have been liberalizing benefits. They have raised benefit rates around 20% on the average in the last five or six years. But wages have been going up faster than benefits, leaving benefits farther and farther behind. The need for larger benefits has been pointed out emphatically by President Eisenhower in his economic report of January, 1955.

SQUEEZE ON SMALL BUSINESS?

Now, will the spread of the Ford-GM type of supplementary unemployment compensation squeeze the small and less successful employer out of business? Some people seem to have the idea that the ability to finance the insurance type of plan is a function of the size of the enterprise.

You need not reflect on this matter very long to see that ability to pay supplementary unemployment compensation does not depend on the size of the concern. Enterprises become large by being successful. Very rarely does one find an enterprise growing because it is unsuccessful! And rarely does one find an enterprise growing because it makes something that people don't want to buy, or because its costs are high and it has to ask more than customers are willing to pay! Large enterprises tend to be efficient ones, not primarily because largeness makes them efficient but because efficiency makes them large. I wish that I could impress that simple fact upon a few Congressmen.

Obviously, an efficient concern is always threatening the existence of inefficient concerns. Obviously, too, efficient concerns are better able than inefficient ones to stand increases in costs. And it makes little difference whether the increase in cost is imposed by a supplemental unemployment compensation plan or another increase. Efficient concerns are better able than inefficient ones to make any increase in costs temporary, because among the characteristics of efficient concerns are resourcefulness, imaginativeness, and ability to adapt operations to circumstances and to lick problems.

Concerns which are merely large but not efficient are no threat to efficient concerns. So the spread of the Ford-GM type of agreement will not change the

[1] Summary of a talk given at the 362nd meeting of the National Industrial Conference Board.

relationship between efficient and inefficient concerns. Even if there were a law prohibiting supplementary unemployment compensation agreements, efficient concerns would still continue to threaten the existence of inefficient ones.

I do not happen to think that the struggle for survival between efficient and inefficient concerns is bad. It is part of our free enterprise system, and it is not essentially altered by these agreements, though the spread of the Ford-GM type of agreement will tend eventually to give a slight competitive edge to concerns that are good at keeping down unemployment among their workers.

DAMPEN INCENTIVE TO SEEK WORK?

Will supplementary unemployment compensation of the American Can-Ford-GM type make men prefer idleness to work? Here is a question that has never been adequately discussed. Maybe some of the things I say will shock you, but they are not intended to do so.

Suppose I am given a temporary layoff. In this case, I keep my seniority rights, I keep my pension rights, I probably keep my check number, and I probably keep my locker in the plant. I have worked for the company for more than a year. Now what about my trying to get another job? When I go to another company, shall I keep silent about the fact that I am on temporary layoff at Ford or GM, and hope that the employment office does not check my record or even ask where I worked last?

Shall I let them hire me on the assumption that they are getting a permanent employee, when actually I intend to go back to Ford, or General Motors, as soon as the company wants me? Am I declining "suitable employment" if I turn down a permanent job in company B when I am on temporary layoff from company A? I think not. I don't think I have an obligation to try to get a new permanent job if I am on temporary layoff. You may not like that statement, but think it over.

Is it malingering if a man in these circumstances decides not to hunt too hard for work? If he were living on his own savings, we wouldn't call it malingering. We would say that this is the product of the great free enterprise system, that it is one of the benefits enjoyed by people who work in this kind of economy, instead of in Russia or some other place like that.

But now, let us say, this idle worker is not living on his own savings but depends on his unemployment insurance. He gets his unemployment compensation from the state. And if he is a Ford or GM or American Can employee, he takes advantage of the fact that, in addition to his benefit from the state, he gets a supplementary benefit from his employer. Is he malingering? Some of you may answer, "Yes," but I think you had better think twice before you do.

Under the Ford and GM supplementary benefit plans, the typical laid-off employee who earns about $100 a week before taxes and around $87 after taxes (if he has a couple of dependents) will get total benefits (state and supplementary) in many states of about $57 a week—which means that he is out $30 a week. Of course, he won't take a $55 a week job, and he may not take a $60 a week job. But is he malingering?

He is anxious to get back to his regular job that nets him $87 a week, because that $30 differential between the pay in his regular job and his unemployment benefits makes quite a bit of difference in the way he lives. Remember that luxuries as well as necessities are important in a man's standard of consumption. He cannot afford to keep up his instalment payments for many weeks, and to clothe and feed his family properly and to buy gas and repairs for his car on $57 a week.

No, I am not worried about a lot of people living on their supplementary unemployment compensation. And I am sufficiently unorthodox to say, "Well, if some of them wish to live off of it for awhile, after all they *are* on temporary layoff. They are not supposed to go around and represent themselves as willing to accept a new permanent position." If they do honestly represent their intentions, their opportunity to pick up employment is going to be pretty limited. But it would not be fair to a prospective employer to conceal the fact that they intend to go back to a good job at Ford or General Motors as soon as possible.

WILL SUB SLOW INDUSTRIAL EXPANSION?

The next question is: Will agreements of the Ford-General Motors type weaken the spirit of adventure in American industry? If various managements incur heavy obligations to pay supplementary unemployment compensation, will enterprises be reluctant to expand?

Insofar as the Ford-General Motors-American Can agreements have any effect—and I don't believe their effect will be great—I think it will be to encourage expansion. In the first place, will any enterprise refuse to hire the people that it needs to fill its orders simply because it might have to pay supplementary unemployment compensation for a few weeks to these people after they have worked a year?

Getting an order is an investment. Someone who tries out your product for the first time may eventually become a permanent customer. Most enterprises are willing to take new accounts at a loss because they expect to build them up into big accounts later. So I believe it is unrealistic to think that these supplementary unemployment compensation plans will discourage growth. However, insofar as supplementary unemployment compensation keeps up personal income in periods of recession and makes recessions milder, these plans will make it safer for enterprises

to expand. Therefore, the net effect, I think, while small, will be to actually encourage an expansion of the economy.

IS SUB A STABILIZING FACTOR?

My final question is: Will the spread of the Ford-GM type of agreement add substantially to the stability of the economy by increasing the income of the unemployed during recessions? Notice I use the word "substantially." And with that word in there, I think the question must be answered, "No."

Will the plans make the economy a little bit more stable? Yes, because they will tend to sustain income in bad times. But these plans are not going to spread very much. I wish they would. I wish the workers of the country felt the need for more liberal unemployment benefits, but most workers do not. Hence, it is going to be difficult, I fear, even to get the state unemployment compensation laws liberalized to the extent they should be.

The prevalence of seniority rules is the reason why most workers have only a limited interest in unemployment benefits—whether state or supplementary. Seniority gives so much protection against layoff to so many employees in so many industries that the politicians are likely to discover that there is not even much political gain in liberalizing unemployment benefits, however badly liberalization is needed in order to stabilize the economy.

Also very few unions have shown serious interest in supplementary unemployment compensation plans. This is a striking fact. And I do not expect much increased interest. The unions which have shown interest are mainly new unions in which the rank and file is not very articulate as yet. These unions are under the influence of idealistic leaders whose views do not reflect particularly well what is in the minds of the workers throughout industry.

One cannot avoid being impressed with the failure of the great majority of unions to show serious interest in SUB plans. Several months ago, I suggested that such plans would not extend to as many as 10 million workers in the next five years. Well, I think that 10 million figure which I used is far too high. I doubt whether these plans will be extended to 5 million employees in the next five years. And that would mean only one out of eight employees would be covered by unemployment compensation schemes in the country. And even if by some miracle the plans were to be extended to 10 million, the private supplementary plans would reach only about one out of four employees covered by state unemployment compensation schemes.

The only way in which we can get the stabilizing effect that we need from adequate unemployment compensation benefits is through greatly liberalizing the benefits paid under the state schemes. In that way some 40 million workers would be affected.

An adequate compensation scheme does not cost the economy anything. The way in which one tests whether something costs the economy something is to ask whether this thing increases or decreases production. That is the ultimate test. Well, more liberalized state benefits would raise production, because they would limit the drop in demand in periods of recession—the very time that demand needs support. And they would not diminish production in good times. Hence, rather than costing us anything, they would actually be a net gain to the economy.

But I do not think we are going to get this gain in the economy very rapidly or very easily because of the reluctance of workers with a number of years of seniority to support liberalizing the state schemes. And most unions are bound to find out that the majority of their members (those with five or ten years' seniority or more) will oppose making supplementary unemployment benefits a strike issue. The only way to overcome these twin circumstances is for businessmen to wake up to the fact that adequate unemployment compensation is market insurance for business. And business cannot afford to be without it.

Personnel Briefs

Supplemental Grant to College in Tuition-Refund Plan

In setting up scholarship plans for employees or their children, a number of companies recently have been supplementing tuition grants with gifts to the colleges or universities at which the students enroll. This has been done in recognition of the fact that the tuition fee pays for only a part of the cost of educating the student.

The Caterpillar Tractor Co. provides similar gifts in its new plan for reimbursing employees for individual courses taken after hours at educational institutions. Colleges or universities not supported by taxes will receive an amount equal to one-half the tuition fee for each course taken. Employees will be reimbursed for one-half the fee for each course successfully completed. Courses must be related to company operations.

Employees Informed About Next Day's Menu

Employees of the Chase Manhattan Bank in New York City always know a day ahead what the luncheon menu will be at their two company restaurants. This permits them to give advance word at home so there will be no duplication in the evening meal. The lunchroom manager provides this information by having the next day's menu printed on the reverse side of the current menu card.

The Size of Company Pensions

How would the pension of a thirty-year employee at a stipulated salary vary in amount from one company to another? This analysis of 120 plans examines six factors that relate to pension size

WHAT FACTORS are related to the size of the retirement benefit that an employee receives from his company? His base pay and length of service, of course. But if these variables are held constant, is his pension likely to be larger if he works in a bank or if he works in a factory? Will it be more if he contributes to the plan, or if the company pays the whole bill? And how will the size of the pension be affected if the plan is bargained, rather than unilateral?

To obtain a rough estimate of the relationship of such factors to the size of company pensions, 120 pension formulas included in a recent Board study[1] were analyzed in terms of the following six characteristics: the size of the company; the type of business; whether the plan is contributory; whether it is negotiated; how the pension formula handles Social Security benefits; and how it relates company benefits to salary levels.

To get comparable dollar equivalents for each formula, pensions were computed as specified in each of the 120 plans for an employee with thirty years of credited service and average "career" earnings of $3,600 per year and of $6,000 per year. Because primary concern is with the size of the retirement benefit received *directly* from the company, all dollar values are *exclusive* of Social Security, unless otherwise noted.

In the plans analyzed, the general relationships between the size of company pensions and the six other factors can be summarized as follows:

- The contributory plans provide larger benefits than the noncontributory. This is generally true for both the manufacturing and the nonmanufacturing companies; for the bargained plans and for the nonbargained; for the companies in each size group; and for each type of formula relating the size of the benefit to salary level.
- The unilateral plans pay larger benefits than the bargained plans both in the manufacturing and the nonmanufacturing companies; and in contributory as well as noncontributory plans.
- The nonmanufacturing companies provide larger benefits than the manufacturing establishments, under unilateral and bargained plans; and under contributory and noncontributory plans.
- The size of the company does not seem to be related to the size of the pension. This is true of the contributory and the noncontributory plans alike.
- The plans that deduct Social Security pay smaller company benefits than those that do not deduct Social Security. All but a few of the plans that deduct OASI benefits are noncontributory. This group accounts for about one-third of the noncontributory plans in this study.
- The plans that vary benefits according to earnings provide larger benefits than those which give a flat amount regardless of earnings. This is true of both contributory and noncontributory plans.
- Among those plans that increase benefits as earnings increase, those that apply a "graduated" percentage to each salary level pay larger benefits than those which apply a "uniform" percentage to each salary level. This holds for the contributory and the noncontributory plans in this study.

Details of the above relationships will be considered in the remainder of this article.

General Size of Pensions[1]

On the basis of the dollar equivalents of the 120 pension formulas studied, the average benefit of a retired employee with thirty years' service and average earnings of $3,600 is $78 per month. If the maximum Social Security benefit of $98.50 is added, this employee receives $2,118 per year, or almost 60% of his average earnings.

The company benefits provided by the 120 plans actually range from 0 (because the OASI benefit is larger than the company pension from which it is deducted) to $218 per month. The middle half of benefits range from $51 to $99 per month, exclusive of Social Security.

For an employee with a "career" average of $6,000 per year and thirty years' service, the average benefit

[1] These formulas are from "Pension Plans and Their Administration," *Studies in Personnel Policy*, No. 149. For a detailed description of the sample, see page 8 of this study.

[1] "Pension Plans and Their Administration," *Studies in Personnel Policy*, No. 149, pp. 23-26.

is $152 per month. If the maximum Social Security benefit of $108.50 is added, this employee receives $3,126 per year, or 52% of his average earnings. The company benefits provided for this group of employees by the 120 plans range from $15 to $390 per month, with the middle half of benefits falling between $103 and $210 per month, excluding Social Security.

Employee Contributions

For the $3,600 per year employee with thirty years' service, the median benefit from contributory plans is $90 per month; it is only $60 per month under noncontributory plans, excluding Social Security. Employees contribute an average of $6.75 per month for this extra $30 monthly benefit. Contributory pensions range from $30 to $218 per month, with the middle half between $75 and $100 per month. Noncontributory benefits range from 0 (because of OASI deductions) to $180 per month, with the middle half between $35 and $90.

A similar differential exists between contributory and noncontributory benefits for the $6,000 per year employee. The median company benefit from contributory plans is $169 per month, but it is only $112 per month under noncontributory plans. For this added $57 monthly benefit, employees contribute an average of $14 per month.[1] Contributory benefits range from $66 to $390, with the middle half between $150 and $225. Noncontributory benefits range from 0 (because of the OASI deduction) to $300 per month. The middle half of benefits falls between $60 and $188 per month.

As has been stated, contributory plans generally provide higher benefits than noncontributory plans—in manufacturing and nonmanufacturing, in unilateral and bargained plans, in companies of each size group, and in plans with various types of formulas relating benefit level to salary. However, there are a few exceptions. Contributory and noncontributory benefits are identical for unilateral plans at the $3,600 wage level, although this is not the case at the $6,000 level. Also, in nonmanufacturing companies the noncontributory benefit is somewhat higher than the contributory benefit, but again only if the $3,600 wage is used. For both the $3,600 and $6,000 wage, contributory and noncontributory benefits are equal in plans that determine benefits using a graduated percentage formula.

[1] Op. cit. p. 16.

Some Limitations of the Data

- The 120 plans analyzed were selected at random from the plans in 327 companies that cooperated in a recent pension study. In other words, within the limits of "sampling error," the results obtained by analyzing 120 plans should be the same as if all 327 companies had been analyzed. However, there is no assurance that the 327 companies—and therefore, the 120 plans analyzed—are representative of industry in general. As Table 1 indicates, roughly three-fourths of the companies are in manufacturing. In addition, only a few companies employ less than 250 workers; and about 70% are unionized firms.
- Many of the refinements of the pension formulas have been ignored in computing dollar equivalents. For example, the size of the pension is overstated in fifty-nine plans because only the future-service formula is used; in forty-two of these plans the past-service benefit is smaller, and in seventeen plans no credit is given for past service at all. On the other hand, the size of the pension is understated in forty-three plans that base the pension on earnings just prior to retirement, rather than on the "career" average.
- The data apply to the pension formulas in January, 1955. Although the increases in benefits that followed the 1954 negotiations in basic steel are reflected in these data, the widespread revisions of pensions in 1955 are not. Undoubtedly the average size of benefits is understated as a result.
- The use of thirty years' service, $3,600 and $6,000 average yearly earnings, and full Social Security benefits in the pension formulas is not meant to imply that these combinations represent the circumstances of the average employee retiring today.
- In splitting the 120 plans into various groups, the number of plans becomes quite small and the range of benefits quite large in some instances. The results for these groups are highly tentative. Medians have been used to offset the effect of the few plans that pay very high or very low benefits.

Table 1: Type of Business of Companies in Complete Survey

Industry	No. of Companies	% of Companies
Total manufacturing	236	72.2
Chemicals and allied products	29	8.9
Electrical machinery, equipment and supplies	21	6.4
Food and beverages	18	5.5
Lumber, wood and furniture	8	2.0
Machinery, except electrical	23	7.0
Metal industries	49	15.0
Paper and allied products	15	4.6
Petroleum and coal products	9	2.8
Printing, publishing and allied industries	6	1.8
Rubber products	7	2.1
Stone, clay and glass products	6	1.8
Textile mill products and apparel	10	3.1
Transportation equipment	24	7.3
Other	11	3.4
Total nonmanufacturing	91	27.8
Banking and credit agencies	14	4.3
Insurance	18	5.5
Public utilities	42	12.8
Wholesale and retail trade	13	4.0
Other	4	1.2
Total	327	100.0

Source: *Studies in Personnel Policy*, No. 149, "Pension Plans and Their Administration," p. 8.

Table 2: Monthly Pension Provided in Sixty-four Noncontributory Plans, Exclusive of Social Security, as of January, 1955

Pension Formula	Amount Based on 30 Years' Service and: Wage Level of $3,600 a Year	Amount Based on 30 Years' Service and: Wage Level of $6,000 a Year	No. of Plans
Flat-sum monthly benefit per year of service			
$1	$30	$30	1
$1.50	45	45	4
$1.50 and 1% over $3,600	45	105	1
$1.70 and 1% over $4,800	51	81	1
$1.75	52.50	52.50	3
$2.40	72	72	1
$1.50 x 20 years, plus 50 cents over 20 years, plus 1.5% over $3,000 x 20 years	147.50	147.50	1
Flat-sum monthly benefit			
$100 minus OASI[1]	$1.50	$ 0	1
$100 minus $85 OASI	15	15	1
$50	50	50	1
$60	60	60	2
Flat-sum median	$50	$53	17
Uniform percentage benefit			
30% of average wage minus OASI[1]	$ 0	$41.50	1
40% of average wage minus OASI[1]	21.50	91.50	1
20% of average wage	65	100	1
25% of average wage	75	125	1
Uniform per cent x years of service			
1% minus OASI[1]	$ 0	$41.50	2
1% minus $85 OASI	5	65	4
1% plus $250 per year, minus OASI[1]	12.33	62.33	1
1.25% minus $85 OASI	27.50	102.50	2
.25% plus 25% of wage over $3,000	35	100	1
1% minus ½ OASI[1]	40.75	95.75	1
1.5% plus $240 per year, minus OASI[1]	56.50	136.50	1
.75%	67.50	112.50	1
1.5% minus 1946 OASI	81	171	1
2% minus OASI[1]	81.50	191.50	1
1%	90	150	3
1.1%	99	165	1
Uniform per cent x years of service (cont'd)			
2% minus ½ OASI[1]	130.75	245.75	1
1.5%	135	225	3
2% minus ½ 1951 OASI	153	273	1
2%	180	300	1
Uniform percentage median	$65	$113	29
Graduated percentage formulas— % of $3,000 and % of excess			
.5% and 1%	$52.50	$112.50	2
.5% and 1.5%	60	150	1
1% and 1.5%	97.50	187.50	2
1% and 2%	105	225	1
1.25% and 2%	123.75	243.75	2
% of $3,600 and % of excess			
⅔% and 1%	$60	$120	1
1% and 1.5%	90	180	1
1.5% and 2.25%	135	270	1
% of $4,200 and % of excess			
1.25% and 1.5% minus $85 OASI	$27.50	$113.75	1
1% and 1.5%	90	172.50	1
1% and 2%	90	190	1
Other graduated formulas			
1%, $1,310-$4,200; 1.5%, $4,200 - $7,500	$57.25	$139.75	1
.7%, $1,800; .8% excess	67.50	115.50	1
1.5%, $15,000; .5% less on each added $5,000	135	225	1
2%, $15,000; 1-2/7%, $15,000 - $40,000	180	300	1
Graduated percentage median	$90	$180	18
Sixty-four noncontributory plans			
Average monthly pension	$68	$127	
Median monthly pension	$60	$112	

[1] Full OASI benefit is $98.50 ($3,600 wage) and $108.50 ($6,000 wage).

Negotiated Plans

Benefits provided by forty-nine bargained plans are smaller, on the average, than those provided by seventy-one nonbargained plans. Using the $3,600 wage level, the nonbargained median is $90 per month; the bargained is $52. At the $6,000 salary level, the respective medians are $169 and $103 per month.

The difference between negotiated and unilateral benefits is appreciably greater among noncontributory plans than contributory. For example, using the $3,600 wage, unilateral contributory plans provide a monthly median benefit of $90, which is only $11 higher than the median for the negotiated contributory plan. But the nonbargained noncontributory benefit of $90 is $43 higher than is the bargained median.

Using the $6,000 salary level, unilateral contributory plans pay a monthly benefit of $172, which is only $12 higher than the negotiated contributory plan median. But the unilateral noncontributory benefit of $150 is $85 greater than the bargained noncontributory benefit.

Unilateral plans provide larger benefits than bargained plans in manufacturing and in nonmanufacturing alike. For example, using the $3,600 wage, in manufacturing the median unilateral benefit is $81 per month; the bargained median is $47.50. In nonmanufacturing, the unilateral benefit is $105; the bargained is $79 per month. Using the $6,000 salary, in manufacturing, unilateral plans pay $150; bargained plans pay only $104. In nonmanufacturing, unilateral plans pay $225; bargained plans pay only $111.

Type of Business

The median retirement benefit provided by the thirty-two nonmanufacturing companies in this study is appreciably higher than the median in the eighty-eight manufacturing establishments. At the $3,600 wage level, the nonmanufacturing median is $100 per month; the manufacturing median is $70. At the $6,000 salary, the nonmanufacturing median is $201 per month; the manufacturing median is $148.

Again, the difference between manufacturing and nonmanufacturing is more noticeable among noncontributory plans than contributory. For example, using the $6,000 salary, contributory plans in nonmanufacturing pay a median benefit of $210, which is only $58 per month higher than the contributory median in manufacturing. But the median of $191 for nonmanufacturing noncontributory plans is $91 per month greater than the manufacturing noncontributory plan median. Using the $3,600 wage level, the noncontributory plan median of $124 is $51 higher in nonmanufacturing than in manufacturing. However, the contributory median is identical for these two groups.

The difference between benefits in manufacturing and nonmanufacturing holds for unilateral and bargained plans alike. For example, using the $3,600 wage, under unilateral plans the median benefit is $79 in nonmanufacturing but only $47.50 in manufacturing. Among bargained plans, the median is $105 in nonmanufacturing but only $81 in manufacturing. Using the $6,000 salary, unilateral plans pay $225 in nonmanufacturing, but only $150 in manufacturing. Bargained plans pay $111 in nonmanufacturing and $104 in manufacturing.

(Continued on page 71)

Table 3: Monthly Pension Provided in Fifty-six Contributory Plans, Exclusive of Social Security, as of January, 1955

Pension Formula	Amount Based on 30 Years' Service and: Wage Level of $3,600 a Year	Wage Level of $6,000 a Year	No. of Plans
Flat-sum monthly benefit per year of service			
$1 and 1.25% over $3,600	$30	$105	1
$1.75 and 1⅓% over $3,000	72.50	152.50	1
$2.40 and 2% over $3,600	72	192	1
$1.25 and 1% of $1,500 - $3,000 and 2% over $3,000	105	225	1
$4 and 1.5% over $3,000	128.75	212.75	2
Flat-sum monthly benefit			
$50 and 1⅓% over $3,600	$50	$130	1
$70	70	70	1
$70 and 1⅓% over $3,600	70	150	1
Flat-sum median	$70	$150	9
Uniform percentage benefit			
20% of average wage	$65	$100	1
20% of $3,000 and 1% of excess	65	125	1
40% of $1,200 - $6,000 and 35% over $6,000	80	160	1
Uniform per cent x years of service			
.5%	$45	$75	1
1.5% minus $85 OASI	50	140	1
1%	90	150	7
1.5%	135	225	2
2%	180	300	1
Uniform percentage median	$90	$150	15
Graduated per cent x years of service— % of $3,000 and % of excess			
.75% and 2%, minus 1944 OASI	$32.25	$152.25	1
⅔% and 1.5%	72.50	172.50	1
.75% and 1.25%	75	150	2
.8% and 1.2%	78	150	1
.75% and 1.5%	78.75	168.75	3
.75% and 1.6%, $3,000 - $7,500; 1.5% excess	80.25	176.25	1
% of $3,000 and % of excess (cont'd)			
.5% and .75%	82.50	137.50	1
.8% and 1.5%	82.50	172.50	1
1% and 1.5%	97.50	196	1
1% and 2%	105	225	5
1.3% and 1.7%	123	225	1
% of $3,600 and % of excess			
⅞% and 1.75% minus ½ OASI[1]	$29.50	$129.50	1
.75% and 1.5%	67.50	157.50	1
1% and 2%	90	210	1
1%, and 2% of $3,600-$7,200; 1.5% excess	90	210	1
1.1% and 2.4%	99	243	1
1.2% and 2%	108	228	1
% of $4,200 and % of excess			
.5% and 1.5% minus ½ OASI[1]	$ 0	$65.75	1
.75% and 1.5%	67.50	146.25	1
1% and 1.75%	90	183.75	1
1.6% and 2%	144	258	1
Other graduated formulas			
1.5%, $1,200 - $3,600; 2%, $3,600 - $20,000; 1.5% excess	$90	$210	1
5/6%, $1,800; 1⅔%, $1,800-$3,000; 2.5% excess	125	275	1
1⅝%, $6,000; ⅝% excess	146.25	243.75	1
2%, $1,800; 2.5%, $1,800 - $3,000; 3.5% excess	217.50	390	1
Graduated percentage median	$90	$184	32
Fifty-six contributory plans			
Average monthly pension	$90	$181	
Median monthly pension	$90	$169	

[1] Full OASI benefit is $98.50 ($3,600 wage) and $108.50 ($6,000 wage).

Automobile Allowances for Salesmen

This year's survey, covering Canada for the first time, shows that in 307 companies the salesman-owned automobile is again the most popular form of ownership

SEVEN CENTS A MILE is still the rate most commonly paid to salesmen in the United States who drive their own automobiles. This figure has prevailed since 1951, when it superseded the 1950 rate of 6 cents. In Canada (surveyed for the first time this year) the most frequently reported flat rates range from 8 to 11 cents, with about the same number of companies reporting each figure.

Two hundred and forty-four companies in the United States participated in this year's survey. Of this total, 186 companies or 76% use salesmen-owned automobiles, either exclusively or in combination with some other plan. Canadian cooperators total sixty-three; of these, fifty-three or 85% use the salesmen-owned cars—in most cases exclusively, but in some instances in conjunction with other plans.

In other words, salesmen-owned automobiles are the most widely reported form of ownership in both the United States and Canada. (See Table 1.) This is true even though salesmen-owned automobiles cost more per mile than either company-owned cars or leased fleets in both countries.

The most popular method of reimbursing salesmen who drive their own automobiles is the flat mileage rate. This is used by 53% of the United States companies that employ this method of ownership and more than one-third of the Canadian companies. The United States figure is virtually the same as last year, when 51% of the firms were in this category.

There is little change in the number of U. S. companies using other methods of reimbursement. The only substantial increase is among firms paying a standard allowance to salesmen. Eight per cent of the companies report this method, as contrasted with 4% in 1954.

In the United States, 149 of the 180 companies that reimburse salesmen for the use of their cars[1] pay toll charges in addition to their regular reimbursements; three out of four of this group pay parking and garage fees. In Canada the figures are three out of four on payment of tolls; and two out of three on payment of parking and garage costs.

[1] The figure of 180 companies does not include six companies that use salesmen-owned automobiles but do not specifically reimburse salesmen for the use of their cars. Rather, commissions are supposed to cover this expense.

REIMBURSING SALESMEN IN THE U. S.

The flat mileage rate, as has been stated, is the most popular method of reimbursing salesmen, possibly because of its simplicity.

Of the ninety-four companies using this method,[1] fifty-two companies or 55.3% pay between 7 cents and 7.9 cents a mile. The proportion of companies paying this rate has remained fairly stable for several years.

On the other hand, since 1951 there has been a gradual rise in the number of companies paying a flat rate of from 8 to 8.9 cents, and a corresponding decrease in the group reimbursing their salesmen at a rate of from 6 to 6.9 cents a mile. This year, one-third of the companies using a flat rate paid 8 to 8.9 cents a mile. Last year 27% were in this group, while in 1953, 25% of the firms paid this rate. In 1955 only 9% of the companies paid 6 to 6.9 cents a mile; last year it was 13%; and in 1953 it was 15%.

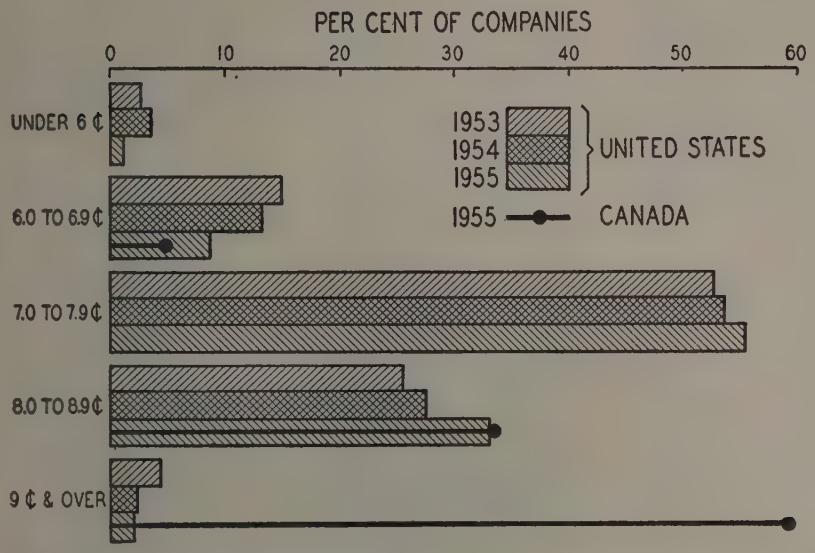
This year, as in 1954, there was a decrease in the number of extremes—only one company fell in the 5-to-5.9-cent category and only two companies paid 9 cents or over. Four companies paid different rates for city and country driving.

Graduated Mileage Rates

The second most popular method of reimbursing salesmen for the use of their automobiles is the graduated mileage rate. Thirty or 16% of the 186 companies using salesmen-owned cars use this method, which is the same percentage as last year. In 1953, 11% of the companies reported this method of payment. The graduated method of reimbursing salesmen provides a certain rate for a specified number of miles, but for any mileage over that, a lower rate becomes effective. However, no two of the reporting companies have exactly the same plan. Some pay on a monthly basis, some yearly, and some weekly.

[1] Ninety-eight companies reported a straight mileage method, but four companies reported different rates for city and country. Therefore, when percentages for companies paying specific flat rates were computed, ninety-four=100% was used.

Chart 1: Flat Mileage Rates for 1953, 1954 and 1955 in United States, and for 1955 in Canada



A. FLAT MILEAGE RATE B. GRADUATED MILEAGE RATE
C. STANDARD ALLOWANCE D. RUNZHEIMER PLAN
E. ALLOWANCE & MILEAGE RATE
F. MISC. OR MULTIPLE PLANS G. NONE

Chart 2: Methods of Reimbursing Salesmen Using their own Automobiles on Company Business, 1955

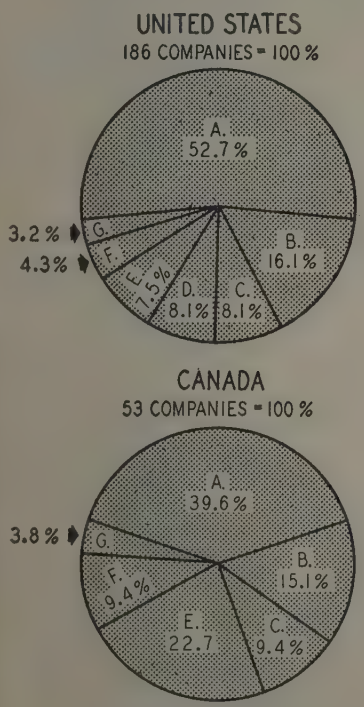


Chart 3: Estimated Cost per Mile To Operate Automobiles

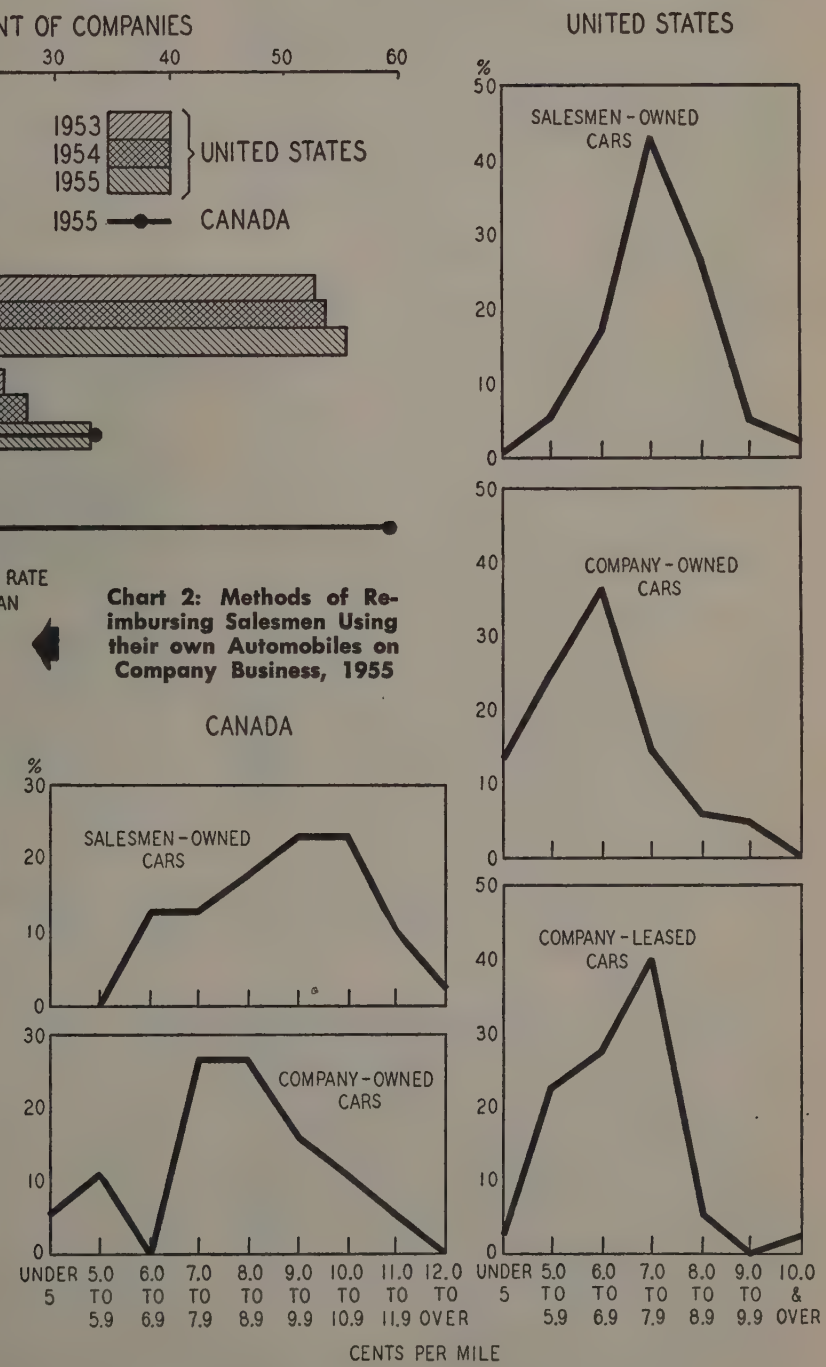


Table 1: Automobile Ownership Plans of 307 Companies in the United States and Canada, 1955

Ownership Plans	United States Number of Companies	United States % of 244 Companies	Canada Number of Companies	Canada % of 63 Companies
Total companies surveyed	244	100%	63	100%
One plan exclusively				
Salesmen-owned automobiles	112	45	37	59
Company-owned automobiles	46	19	10	16
Leased automobiles	10	4	0	0
Combination plans				
Salesmen's and company automobiles	39	16	11	17
Salesmen's and leased automobiles	29	12	3	5
Company and leased automobiles	2	1	0	0
Salesmen's, company and leased automobiles	6	3	2	3
Total companies using salesmen's automobiles — exclusively or in combination	186	76	53	84
Total companies using company automobiles — exclusively or in combination	93	38	23	36
Total companies using leased automobiles — exclusively or in combination	47*	19	5*	8

* Column total exceeds the total number of companies surveyed because of multiple answers.

The primary rate varies from 6 cents to 11 cents, but 7 cents and 8 cents are most common. Twelve companies start at 7 or 7.5 cents; ten start at 8 or 8.5 cents. Some companies have as many as five graduations (one company pays 8 cents for the first 10,000 miles in a year, 7 cents for the next 5,000 miles, 6 cents for the next 5,000 miles, 5 cents for the next 5,000 miles, and 4 cents for any additional miles). However, two graduations seem most popular, with one-half of the companies falling in this group.

Companies using the graduated mileage method pay about the same number of additional expenses as those using the flat mileage method.

Runzheimer Plan

The Runzheimer plan is used by fifteen, or 8%, of the companies whose salesmen drive their own automobiles; there seems to be little change over the years in its popularity. Under this plan, mileage rates are given for designated areas selected to fit each company's needs. The rates differ for city and rural driving. But the plan also takes into consideration other variables, such as terrain, cost of operating in different areas, and the make of the automobile. In addition, the salesman is reimbursed a set amount for depreciation for every 1,000 miles.

Combined Allowance and Mileage Rate

Fourteen companies, or 7.5% of the total, use a fixed periodic payment plus a mileage allowance. Last year, 9.9% of the firms were in this category, while in 1953, 7.3% reported this method of reimbursement. The fixed allowance—computed on a monthly, weekly or daily basis—typically covers such costs as insurance, license fees and depreciation; mileage rates cover gas, oil and other running expenses. Most of the fifteen companies pay between 3 and 4 cents a mile and $50 and $60 a month, but there is considerable variation. One company pays 4.5 cents a mile and $15 a week, while another pays 3 cents a mile and $2.50 a day.

Standard Allowance

The only method of payment which showed a considerable change from last year was the standard allowance. A set amount is paid to salesmen each week or month by fifteen participating companies. This group comprises 8% of the 186 companies using salesmen-owned automobiles—which is double last year's figure of 4%. In 1953, 4% of the firms also reported in this category. Most of the companies pay different allowances, but one-third report $60 a month as their payment. About one-half of the companies pay tolls, garage and parking fees, and gas and oil—in addition to the allowance given.

Miscellaneous and Multiple Plans

Each year a relatively small number of companies continue to report variations or combinations of the aforementioned plans. This year, as well as last year, eight, or 4% of the 186 companies using salesmen-owned automobiles are in this catagory. Seven of these eight companies use some form of the combined allowance and mileage rate after a specified number of miles are covered at a flat mileage rate.

Six companies do not reimburse their salesmen for the use of their cars; the salesmen's commissions are supposed to cover this expense.

REIMBURSING SALESMEN IN CANADA

As in the United States, a flat mileage rate constitutes the foremost method of reimbursing salesmen in Canada for the use of their own automobiles on authorized company business. Twenty-one of the fifty-three Canadian companies reporting salesmen-owned cars use this method. Presumably because of higher gasoline costs and the differences in territory covered, Canadian rates are considerably higher than those prevailing in the United States. Eighteen of the twenty-one companies using flat mileage rates pay between 8 cents and 11 cents, while in the United States only two companies out of ninety-four pay 9 cents or more. Also two Canadian companies report payments above 11 cents and only one reports a flat mileage rate below 8 cents. As already noted, in the United States the bulk of the participating companies report reimbursements of less than 8 cents a mile.

In the Canadian sample, eight companies use graduated mileage rates, which vary from company to

company. Starting rates range from 7 cents to 14 cents, with one-half of the firms reporting 10 cents.

Combined allowance and mileage rates are reported by a higher percentage of cooperators in Canada than in the United States. Twelve Canadian firms use the combination plan, with their mileage rates ranging from 3 cents to 7.5 cents. Their allowances vary considerably, but they do show some concentration between $40-$50 a month.

The standard allowance method of reimbursement is used by only five companies, with payments ranging from $41 to $125 a month.

Five companies use some combination of the foregoing plans. Two companies include automobile reimbursement in the payment of salary and commissions.

VARIABLE EXPENSES

Although some companies prefer an allowance policy that is all-inclusive, many companies also pay for certain additional expenses. (See Table 2.) Of the companies using salesmen-owned cars, 73% pay for parking and garage fees, while 83% pay for tolls in addition to the allowance. The companies that reimburse their salesmen at a flat mileage rate pay for about the same number of expenses as companies using other plans—the difference being at the most 4% or 5%. These figures are approximately the same as last year's.

Auto wash (away from home) and towing charges are paid by fewer of the companies. Between one-fourth and one-fifth pay for these extra expenses, but this is a substantial increase over last year's 14%. About one-fourth of the companies pay, either in whole or in part, the cost of liability insurance, including property damage and bodily injury. Only one-tenth of the firms pay for collision insurance, about the same number as last year.

Around 10% of the total number of companies pay expenses other than those listed individually in the table. These payments include such extras as medical insurance, fire and theft insurance, fuel, license fees and taxes.

There appears to be no appreciable difference in the number of expense items paid by the Canadian companies. Three out of four companies using salesmen-owned automobiles pay for tolls, garage, and parking fees. Only a handful pay for such items as car wash, towing and insurance.

AUTOMOBILE OWNERSHIP

Of the three types of automobile ownership—salesmen-owned, company-owned and company-leased—this article has so far covered only salesmen-owned automobiles, which is the most prevalent arrangement in both the United States and Canada. (See Table 1.) Salesmen's automobiles are used exclusively by 112, or 46%, of the 244 U. S. companies participating in this survey. Last year, 48% of the companies used this plan and in 1953, 46.9% were in this category.

Thirty-nine or 16% of the companies use both salesmen-owned and company-owned cars—virtually the same figure as last year's. There was a slight gain in the number of companies using company-owned vehicles exclusively: 19% as opposed to last year's figure of 16%. There was also an increase from 10% to 12% in the companies using salesmen's and leased automobiles. But only six companies or 3% use all three plans, which contrasts with last year's figure of 6%.

(Continued on page 64)

Table 2: Specified Expenses[1] Paid by 180 Companies in the United States that Use Salesmen-Owned Automobiles

Method of Reimbursing Salesmen	Number of Companies	Tolls	Garage Storage	Parking Fees	Auto Wash (Away from Home)	Towing Charges	Insurance			Other (Fuel, Fire, Medical, etc.)	No Payment
							Property Damage	Bodily Injury	Collision		
Flat mileage (cents per mile)											
5.0-5.9	1	1	0	1	0	0	0	0	0	0	0
6.0-6.9	8	7	4	5	1	1	3	3	2	0	1
7.0-7.9	52	40	36	36	11	10	10	10	4	1	10
8.0-8.9	31	23	22	24	10	11	7	7	2	0	5
9.0 and over	2	2	2	2	0	0	0	0	0	0	0
Different rates	4	3	2	2	1	1	0	0	0	0	1
Total flat mileage	98	76	66	70	23	23	20	20	8	1	17
Graduated allowance plan	30	27	25	25	4	4	6	6	4	3	3
Runzheimer plan	15	15	15	15	2	7	6	6	3	3	0
Standard allowance plan	15	9	7	8	5	4	6	6	1	9	1
Allowance and mileage plan	14	14	13	14	1	1	8	8	4	1	0
Misc. and multiple plans	8	8	5	6	1	1	2	2	1	0	0
Total—all methods *	180	149	131	138	36	40	48	48	21	17	21

[1] In addition to regular allowance.
* Does not include six companies that do not specifically reimburse salesmen for automobile expenses.

Wage Adjustments in 1955

This over-all picture of what happened to wages, salaries and fringe benefits is based on 1,578 settlements confirmed in the past year

HIGHLIGHTS of the 1,578 wage and salary adjustments tabulated and confirmed by THE CONFERENCE BOARD during 1955 show that:

- Five cents an hour was again the prevailing wage increase. However, larger adjustments in the second half were responsible for an upward trend in wages, with many more increases above 5 cents granted than there had been in the first half.
- Increases to salaried employees closely followed the pattern of wage-earner increases.
- More liberal fringe benefits accompanied wage increases, with supplemental unemployment benefits giving added importance to the fringe picture.
- Deferred wage increases gained momentum, with a total of 174 reported. Two-thirds of these become effective in 1956.

WAGE EARNERS

A total of 1,390 settlements effecting increases for wage earners were reported. Of these, 92% were given in cents per hour, with the remaining portion given as percentage increases. As can be seen from Table 1, the most frequently reported increase occurred in the 3-to-5.9-cents-per-hour class, with this group representing about 40% of the total. However, in 1955 there were proportionately fewer settlements in this class than there were in 1954. Chart 1 presents a graphic illustration of the shift from 1954 to 1955. In 1955, proportionately fewer settlements were in the lower extreme (under 3 cents), and about twice as many were in the upper extreme (9 cents and over).

Percentage increases to wage earners ranged from slightly over 1% to 8%, with 3% the most prevalent. Of 115 percentage increases reported, more than half fell between 3% and 4.9% (see Table 1).

The Ford-UAW settlement, signed in June, is a logical dividing line, in point of time and impact, for the year. In an attempt to determine possible effects of this settlement on the general wage adjustment picture, comparisons were made between the settlements confirmed in the first half and those in the second half. Chart 2 represents the central 60%[1] of the settle-

[1] The central 60% range excludes 20% of the settlements which contain the lowest wage adjustments and 20% which contain the highest.

Chart 1: Wage Adjustments Affecting Wage Earners in 1954 and 1955

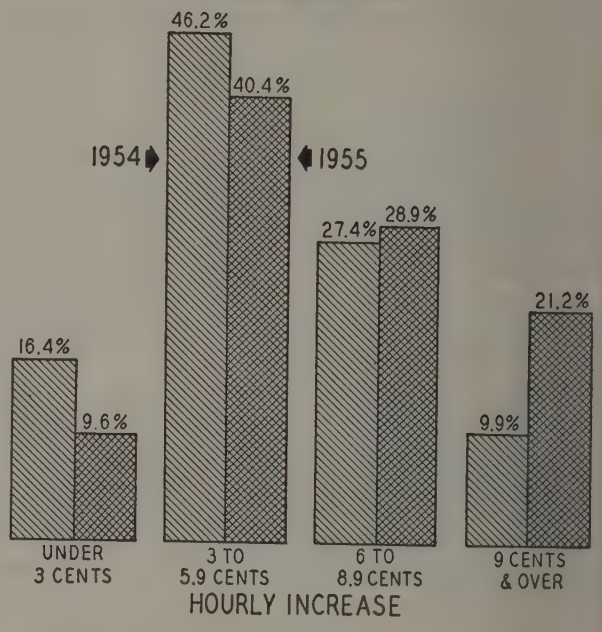
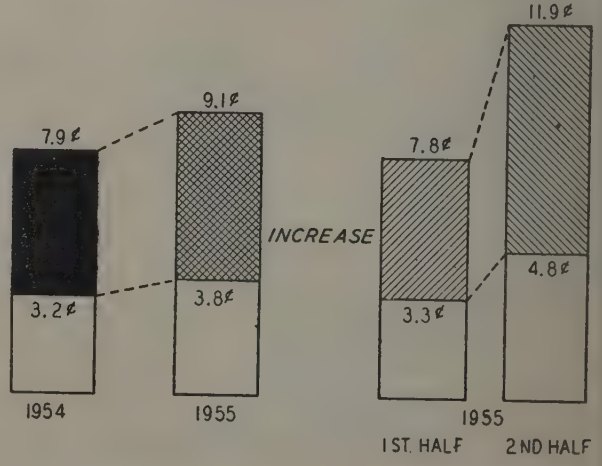


Chart 2: Central 60% of Adjustments in 1954 and 1955, as well as First and Second Halves, 1955



ments for these two periods. The bar representing the first half indicates increases which range from about 3 cents to 8 cents an hour. This is in contrast to the bar representing the second half which shows the increases ranging from about 5 cents to 12 cents. In other words, the lower part of the middle 60% shifts about 1.5 cents from the first to the second half, while the shift at the upper end is about 4 cents.

For a longer-range view of this same shifting, the central 60% technique is also used in comparing 1954 with 1955. Here the spread is not so great as in the half-year comparison. Beginning at about 4 cents, the 1955 bar extends to 9 cents; while 1954, starting at 3 cents, extends to 8 cents.

Tables 4 and 5 give a more detailed presentation of the upward movement in both the half-year and full-year comparisons.

SALARIED EMPLOYEES

Increases to salaried employees, both tandem[1] and bargained, followed closely the increases gained by wage earners. The dominant cents-per-hour increase for salaried workers was in the 6-to-8.9-cents class (see Table 2). More than 40% of the settlements are within this group; but the 3-to-5.9-cents class is almost as large, accounting for 38% of the total. When compared with the cents-per-hour increases to wage earners

[1] Tandem increases are those granted to nonunion salaried employees in order to adjust their income to the wage increases bargained by unions.

Table 1: Wage Adjustments Affecting Wage Earners in 1,390 Confirmed Settlements in 1955, by Industry

Industry	Number of Adjustments Reported by Cents per Hour							
	Under 3	3-5.9	6-8.9	9-11.9	12-14.9	15-17.9	18 & Over	Total
Total	122	515*	368	144	65	52	9	1275
Manufacturing	107	425	295	106	60	46	5	1044
Apparel	8	2	1	0	0	0	0	11
Chemicals	12	53	52	19	2	8	1	147
Electrical equipment	4	37	24	5	2	0	0	72
Fabricated metals	2	17	17	10	9	10	1	66
Food	10	35	47	15	5	1	0	113
Furniture and fixtures	4	11	0	0	0	0	0	15
Leather and leather products	1	42	2	1	1	0	0	47
Lumber and wood products	4	15	3	2	0	0	0	24
Machinery (except electrical)	15	60	26	7	3	5	0	116
Paper	6	55	37	1	2	0	0	101
Petroleum and coal products	3	3	0	18	2	2	1	29
Primary metals	1	17	4	3	9	16	0	50
Printing and publishing	0	5	8	6	0	0	1	20
Rubber products	9	3	3	0	21	0	0	36
Stone, clay and glass products	3	19	32	8	0	1	0	63
Textile mill products	21**	22	5	4	0	0	0	52
Transportation equipment	4	29	34	7	4	3	1	82
Nonmanufacturing	10	78	66	38	4	6	4	206
Communications	0	24	13	3	0	1	1	42
Construction	1	1	2	9	3	0	0	16
Mining	2	3	3	4	0	2	0	14
Public utilities	0	4	18	9	0	0	0	31
Services	3	12	1	3	0	1	0	20
Transportation	4	18	19	7	0	2	3	53
Wholesale and retail trade	0	16	10	3	1	0	0	30
Miscellaneous***	5	12	7	0	1	0	0	25

	Number of Adjustments Reported by Per Cent of Earnings						
	Under 2	2-2.9	3-3.9	4-4.9	5-5.9	6 & Over	Total
Total	4	21	36	28	17	9	115
Manufacturing	1	18	31	23	16	6	95
Nonmanufacturing	3	1	4	5	1	2	16
Miscellaneous***	0	2	1	0	0	1	4

* Bold face figures represent the largest number of increases in the industry.
** Includes two decreases—6 cents and 7 cents per hour.
*** Includes professional, scientific, and controlling instruments; tobacco; miscellaneous manufacturing and nonmanufacturing.

Table 2: Number of Adjustments Affecting Salaried Employees in 188 Confirmed Settlements in 1955

	Number of Adjustments Reported by Cents Per Hour*						
	Under 3	3-5.9	6-8.9	9-11.9	12-14.9	15-17.9	18 & Over	Total
Total	12	38	44	11	4	3	2	114
Manufacturing	9	30	32	9	3	3	2	88
Nonmanufacturing	3	6	10	2	1	0	0	22
Miscellaneous**	0	2	2	0	0	0	0	4

	Number of Adjustments Reported by Per Cent						
	Under 2	2-2.9	3-3.9	4-4.9	5-5.9	6 & Over	Total
Total	2	8	25	14	9	16	74
Manufacturing	2	6	19	14	7	13	61
Nonmanufacturing	0	2	6	0	2	2	12
Miscellaneous	0	0	0	0	0	1	1

* Includes some weekly and monthly adjustments which were converted to cents per hour on the basis of a 40-hour week.
** Includes professional, scientific, and controlling instruments; tobacco; miscellaneous manufacturing and nonmanufacturing.

(Table 1), the significant observation is that about 70% of the increases for both salaried and wage earners fall between 3 and 8.9 cents. Similarly, the most frequently reported percentage increase to salaried workers corresponds with that for wage earners—3% to 3.9%. But whereas sixteen of the seventy-four percentage increases to salaried employees are 6% or more, only nine out of 115 wage-earner increases fall in this group.

ANALYSIS OF SETTLEMENTS BY INDUSTRY

The distribution of increases for wage earners by industrial groups is shown in Table 1. The wage increases in chemicals, with a total of 147 settlements, show 105, or about 70%, to range from 3 cents to 8.9 cents. This corresponds closely with electrical equipment, in which sixty-one out of seventy-two settlements, or 85% show increases within this same range.

Transportation equipment is similarly concentrated in the 3-cents-to-8.9-cents range. However, twenty-nine of the eighty-two adjustments (35%) are in the 3-to-5.9-cents class, and thirty-four (41%) are in the 6-to-8.9-cents class. This compares with about one-fifth and one-half in these respective classes in 1954.

In primary metals, this range comprises only twenty-one of the fifty settlements. It is interesting to note that the thirteen settlements reported before June 15 were all within the 3-to-5.9-cents-per-hour group. Most of the adjustments in this industry in late 1955 were 12 cents or more.

In the rubber industry, out of thirty-six settlements, twenty-one granted increases of 12 cents an hour; and there were nine in which no wage adjustments were granted. About 60% of the rubber settlements occurred in the second half of the year.

Table 3: Number of Cents-Per-Hour Settlements Affecting Wage Earners in First Half of 1955 Compared with Those in Second Half

Industry	First Half		Second Half		Total Settlements, 1955
	No. of Settlements	% of Industry Total	No. of Settlements	% of Industry Total	
Total	693	54%	582	46%	1,275
Manufacturing	558	53	486	47	1,044
Apparel	11	100	0	0	11
Chemicals	109	74	38	26	147
Electrical equip.	28	39	44	61	72
Fabricated metals	34	52	32	48	66
Food	59	52	54	48	113
Furniture & fixtures	14	93	1	7	15
Leather & leather products	4	9	43	91	47
Lumber & wood	8	33	16	67	24
Machinery (except electrical)	68	59	48	41	116
Paper	52	51	49	49	101
Petroleum & coal	27	93	2	7	29
Primary metals	13	26	37	74	50
Printing & publishing	9	45	11	55	20
Rubber products	14	39	22	61	36
Stone, clay & glass	30	48	33	52	63
Textile mill prods.	26	50	26	50	52
Transportation equip.	52	63	30	37	82
Nonmanufacturing	121	59	85	41	206
Communications	5	12	37	88	42
Construction	7	44	9	56	16
Mining	4	29	10	71	14
Public utilities	28	90	3	10	31
Services	16	80	4	20	20
Transportation	37	70	16	30	53
Wholesale & retail trade	24	80	6	20	30
Miscellaneous*	14	56	11	44	25

* Includes professional, scientific, and controlling instruments; tobacco; miscellaneous manufacturing and nonmanufacturing.

For several years, increases in the textile industry have been few and decreases many. In 1955, however, of the fifty-two settlements reported, forty-one granted increases under 6 cents while four reported increases between 9 and 11 cents. Two decreases were reported for the year in contrast to twelve reported last year.

Table 3 gives clues to industry bargaining patterns. It indicates the number and proportion of settlements confirmed in the first half and the second half of the year.

DEFERRED INCREASES

Widespread deferred increases in an industry tend to set a "built-in" floor for future bargaining. The 174 confirmed deferred increases which were bargained in 1955 provide for payment in future years extending through 1960. Of these, 114 become effective in 1956, and in most cases duplicate the amount of the initial increase. The heaviest concentration is in the 3-to-5.9-cents-per-hour class, which accounts for fifty-two of the 114 deferred payments. And this concentration corresponds with the most frequently reported cents-per-hour increase to wage earners, as shown in Table 1. Also, of the 114 deferred payments, the second largest concentration is in the 6-to-8.9-cents-per-hour class. In short, 80% of the deferred payments falling due in 1956 range between 3 cents and 8.9 cents.

The two industries in which deferred increases were most heavily reported are food and transportation equipment. Food accounts for almost a fifth of the 1956 total, and transportation better than a tenth. In both industries the major portion of the deferred payments range between 6 and 8.9 cents per hour. In food, however, three of the deferred payments are 9 cents or more, while transportation equipment shows none above the 6-to-8.9-cents class.

Fifty-four deferred increases were reported with effective dates in 1957. Nine out of ten of these are in the 6-to-8.9-cents-per-hour group, and again are represented primarily in the food and transportation equipment industries. A scattering of deferred increases continue through 1959, with one recorded for 1960—General Electric's five-year pact with the Electrical Workers, AFL-CIO.

FRINGE BENEFITS

The growing importance of fringe benefits in wage settlements is perhaps best illustrated by a comparison of the over-all fringe picture in 1955 with the picture of a few years ago. Chart 3 serves this purpose. Over a four-year span, the number of settlements reporting both wage and fringe benefits have gone up from a quarter of the total to well over half. Conversely, settlements containing only wage increases have declined from 72% in 1951 to 40% in 1955. Settlements containing only fringe benefits, while on the upgrade (4% in 1955 as compared with 1% in 1951), are still relatively minor in the over-all picture.

Also in 1955 the most spectacular achievement in fringe benefits was the introduction of supplemental unemployment benefit plans. While confined pri-

(Continued on page 72)

Table 4: Wage Adjustments Affecting Wage Earners in 1955, "Before and After Ford"

Cents-Per-Hour Increases	FIRST HALF			SECOND HALF		
	No. of Settlements	% of Total	Cumulative Per Cent	No. of Settlements	% of Total	Cumulative Per Cent
Under 3*	107	15%	15%	15	3%	3%
3-5.9	348	50	65	167	29	32
6-8.9	165	24	89	203	35	67
9-11.9	59	9	98	85	15	82
12-14.9	10	1	99	55	9	91
15-17.9	4	1	100	48	8	99
18 & over	0	0		9	2	101
Total	693	100		582	101	

Percentage Increases	No. of Settlements	% of Total	Cumulative Per Cent	No. of Settlements	% of Total	Cumulative Per Cent
Under 2	3	4%	4%	1	3%	3%
2-2.9	15	19	23	6	18	21
3-3.9	28	35	58	8	24	45
4-4.9	16	20	78	12	35	80
5-5.9	10	12	90	7	21	101
6 & over	9	11	101	0	0	
Total	81	101		34	101	

* Includes some decreases.

Trends in Labor Relations

Seniority Provisions in Engineering Contracts

IN ITS MOST generalized sense, the term seniority covers the preferential rights of one worker over another in such situations as layoff, promotion, or choice of shifts. The worker may secure this preference as a result of length of service, merit, physical disability, union position—or for any reason specified in a union contract.

Since the term seniority does cover such a broad area, it is usually modified to indicate a more specific meaning. The three terms most commonly used are: straight seniority; qualified seniority; and superseniority.

In the case of straight seniority, the employee's right to preference over his fellow employees is based solely on length of service. Qualified seniority means that, in addition to the worker's length of service, other factors, such as merit or physical ability to do the job, are considered. Superseniority grants certain classes of workers—generally union officials or employees with irreplaceable skills—preference over all other workers in a specified job situation.

However, seniority is most frequently used to determine the order in which workers will be laid off or recalled.

THE CONFERENCE BOARD's analysis of sixteen engineering contracts covering 43,825 employees shows that none use straight seniority to determine layoff and recall. Instead, they establish the following types of qualified seniority and superseniority:

1. *Point Method*—Under this system of qualified seniority, engineering employees are given points for education, specialized skills and past experience either with the company *or with other companies.* They are given additional points on the basis of their performance review rating. Seniority status depends on the employee's total number of points.

2. *Percentage Method*—In this case, the union contract provides that the company may select a certain percentage of engineering employees for superseniority. During periods of layoff, any employee on this list may be retained at the company's discretion, although longer-service employees are laid off.

3. *Retention Rating Method*—Under this type of qualified seniority, engineering employees receive retention ratings based on their performance, potential ability and related factors. Employees with the lowest retention rating are laid off first on a length-of-service basis.

4. *Superseniority for Specialized Employees*—If a company cannot secure highly specialized engineering employees or trainees from its length-of-service roster, a union contract may allow the company to go outside the roster for such employees. Employees so chosen have superseniority and the company can retain them during layoffs, although longer-service employees are laid off.

Point System

Most engineering contracts heavily weight educational background or special professional skills and abilities in computing seniority. One such clause—which in effect provides qualified seniority—is based on a point system and appears in a contract between an electrical equipment manufacturer and an affiliate of the Engineers and Scientists of America. This provision states:

> "The formula for computing seniority for employees shall be based on a point system, as follows:
>
> "A. A maximum of sixty points shall be allowed for educational background, experience, and continuous service, and shall be computed in accordance with the following schedule:
>
> "(1) Two points—for scholastic work acceptable as one year's credit at an accredited school towards a Bachelor's or other degree in the field of engineering, mathematics, or the physical sciences, with the following being the maximum points credited:
>
> | | |
> |---|---|
> | Bachelor's degree | 8 points |
> | Master's degree | 10 points |
> | Doctor's degree | 14 points |
>
> Other graduate degrees will be allowed a maximum of six points in addition to the eight points given for a Bachelor's degree; however, the six points shall be credited in units of two points per year of full-time graduate work completed.
>
> "(2) One-sixth point—for each month of continuous service with the company or an affiliate as an engineer or an engineering supervisor.
>
> "(3) One-twelfth point—for each month of continuous service with the company or an affiliate in an occupation other than that of an engineer or an engineering supervisor.
>
> "(4) One-twelfth point—for each month of employment as an engineer or an engineering supervisor with a com-

pany or companies other than the company or its affiliated companies.

"(5) One-twelfth point—for each month of employment as an engineer or an engineering supervisor with the company or an affiliate, prior to the commencement of recognized continuous service.

"B. A maximum of forty points, computed in accordance with the . . . employee service review plan rating, shall be allowed for [the employee's] skill and ability.

"The relative seniority of employees will be in direct ratio to the number of points credited to the employees in accordance with the foregoing formula. Employees with the greatest number of points will have the greatest seniority."

Establish Seniority Preference List

Superseniority for employees with outstanding ability is granted in some engineering contracts.

For example, an electrical manufacturing company's contract with an independent union authorizes the company to designate 5% of the employees in the unit as having superseniority. The clause, which sets certain safeguards on the operation of granting seniority preference, reads as follows:

"1. A group of employees (not to exceed 5% of the current number of employees on the most recent rate review sheets or two employees, whichever is greater) in the bargaining unit receiving a salary of $300 a month ($69.30 a week) or more, will be given seniority preference as set forth below because of outstanding abilities in certain work or because of unusual ability for training purposes to fill positions either in the plants or in field locations. . . .

"2. The union will be given a list of the employees to receive seniority preference [superseniority] and such list will be kept up to date by local management. For outstanding employees the list will include the present position number; for trainees [it will include] the position for which the employee is to be trained. The list of employees in a given department of a division . . . or any other unit as may be negotiated locally will not exceed 10% of the employees or two, whichever is greater in the department or unit. The lists of employees, and any changes therein, will be discussed with the union before being made effective; and other essential information will be supplied. Objections may be presented through the grievance procedure.

"3. Employees on this list may be upgraded or transferred to an open position for the purpose of specialized training or because of outstanding abilities in certain work.

"4. An employee on the seniority preference list will be given seniority preference at the time of a reduction in activity sufficient to enable him to retain his position so long as such work remains; but when the work no longer remains he will be given preference for another related position in the same salary level or successively lower levels if he has training for such a position. In such instance the ability, the purpose for which he is being retained or trained, and the relative length of service of the employee on the list will be considered before a decision is reached that he replace a long-service employee.

"5. If the name of any employee being trained is removed from the seniority preference [superseniority] list because seniority preference is no longer required, the employee will be placed in accordance with local seniority procedures. When an open job exists under these circumstances it will be filled in accordance with all applicable seniority provisions. However . . . employees who have been trained and are in the position for which they have been trained may be removed from the seniority preference list, and they shall remain on their job thereafter with the same seniority status as though they had never been on such list. The names of outstanding employees upgraded or transferred to open positions may be similarly removed from the seniority preference list after they have been on such list for one year. . . ."

Establish "Retention Ratings"

So that more-highly qualified employees may be retained in the event of a layoff, a western company's contract with an ESA union provides for "retention ratings" based on performance, potential ability and related factors. The part of the seniority provision setting up the procedure for determining an employee's retention rating reads as follows:

"The company and the association recognize that consideration of performance, potential ability, and related factors is essential in determining those employees to be retained at time of layoff. For this purpose, the company shall establish retention ratings for each employee during March and September of each year. . . . After the completion of such rating, the company shall discuss with the employee his retention rating. An employee's retention rating shall not be changed as a result of a grievance, unless it is shown that a new rating should be established for him which is better than either (1) the rating established for him by at least 10% of the total rating range utilized in his classification, or (2) the retention ratings of those in the group of next higher-rated employees equal in number to 10% of the total number of employees in his classification. Unless an employee's written grievance with respect to his retention rating has been filed within thirty calendar days after the establishment of the retention ratings for his classification, the grievance shall be deemed to be waived. The retention ratings for a classification shall be considered established on the date that the association receives a list of the results of the ratings for the employees in the classification.

However, the above retention ratings are not the only factor used in determining seniority. Each employee has a qualified seniority rating which takes into account his length of service as well as his retention rating. This contract's provision governing layoff procedure reads as follows:

"Employees within each job classification affected shall be listed by such job classification by each major organizational unit of the company in the order of their retention ratings in such job classification (retention rating list) . . . Employees on each such list eligible for consideration for layoff shall be those employees with the lowest re-

tention ratings. The number of employees thus eligible shall be equal to the number on such list necessary to be laid off, plus a number equal to 20% of the total employees on the list provided; however . . . in no event shall the 20% number to be added exceed 50% of the number of employees on such list who are to be retained. From among this group of eligible employees, the number of employees necessary to be laid off shall be laid off in the order of modified [qualified] seniority rating obtained in the following manner: one point for each completed month of seniority shall be added to the employee's retention rating (the retention rating being based upon a range of 120 points), the resulting total being his modified seniority rating; the employee with the lowest modified seniority rating being laid off first and the employee with the highest modified seniority rating being laid off last. In the event the modified seniority ratings are equal for any such employees, the employee with the lowest seniority shall be laid off first. However, the company, at its discretion, may offer an employee, who would be laid off by following the above procedure, a job in a lower or lateral job classification.

"An employee downgraded to a lower job classification or to his former job classification under the above layoff procedure shall be placed above the highest man on the retention rating list for the job classification he is entering, where he will remain until a new retention rating is established for him at his next regular retention rating. . . .

"In the event it becomes necessary to include in a group of employees eligible for layoff, employees who have accepted work in a lower job classification or in their former job classification, under the above procedure, who have not received a retention rating in such job classification, such employees shall not be laid off until all other employees who are on the retention rating list for the job classification have been laid off; then the additional layoffs necessary shall be made from among such employees in the order of their modified seniority ratings based upon a retention rating established for them at the time of the layoff.

"Employees who have not acquired seniority rights shall be laid off prior to application of the provisions of subdivision (B) of this section. . . ."

Superseniority for Specialized Employees

Superseniority for specialized employees is provided by a western company's contract with an ESA union. This contract gives the company the right to hire employees for specialized work or for training if it cannot secure such employees through the normal operation of the straight seniority schedule. The superseniority provision reads:

"The company and the association recognize that from time to time there will be specialized jobs requiring qualifications not possessed by employees of the company, and also that in order that the company may keep pace with new developments, the company must bring into its organization engineers with academic training and/or experience in specialized fields of engineering.

"If, through the steps provided in . . . this article, the company cannot satisfactorily fill such specialized jobs, the company may hire and retain, without regard to the provisions of . . . seniority, employees with specialized qualifications.

"At the time the company furnishes to the association a list of the results of the performance ratings for employees . . . a list will also be furnished showing what employees, if any, are assigned to specialized jobs under this section. Also, at the time of hire of a specialist, the company shall indicate upon the hiring notice sent to the association that such employee has been hired as a specialist.

"The company and the association recognize that from time to time the company must bring into its organization inexperienced engineers with academic training. It is, therefore, agreed that the company may, without regard to the provisions of . . . [seniority], hire employees in training for professional engineering occupations and that such employees may be retained without regard to the provisions of . . . [straight seniority] during their first two years of service with the company, but in no event beyond one year after the completion of such training, provided, however, that the number of such trainees in any one job classification in their first year of service after completion of such training shall not be in excess of 10% of the total number of employees in such classification, except that in a classification containing less than ten employees at least one such trainee may be retained."

Ability Primary Factor

Ability is the primary consideration in establishing layoff procedures, according to the terms of a midwestern company's contract with an ESA affiliate. However, length of service is also considered, "but it shall not be the controlling factor." The company has the right to decide who will be laid off, but before any final decision is reached, the company agrees to discuss the question with the union. The provision states:

"The company and the federation [union] recognize that the future of the company's engineering functions and the opportunities for advancement of its engineering personnel are dependent upon the continued retention and selection of highly-qualified personnel.

"It should be the company's responsibility to determine the employees who are to be laid off or recalled from a layoff. In making this determination, ability shall be the primary consideration; however, the length of service of employees will be one of the factors considered and shall not be arbitrarily disregarded but shall not be the controlling factor.

"The company agrees to initially discuss the question of the employees to be laid off in a department with a federation departmental committee composed of not more than three members, two of which shall be from the department affected.

"After such initial discussion a federation departmental committee may request a meeting with a company committee composed of four management representatives which shall include management representatives from at least two other major engineering departments. The federation committee in these subsequent discussions shall

not exceed four members, two of whom shall be from the department affected.

"These discussions shall take place before the company notifies the employees who are to be laid off. The company may give notice of layoff to employees five working days after initial notice of the layoff has been given to the appropriate federation departmental committee. Employees shall be given not less than two weeks' notice of layoff, exclusive of paid vacation time off, or two weeks' pay in lieu of such notice. The federation shall advise the company of the departmental committee members authorized to represent the federation."

James J. Bambrick, Jr.
Hermine Zagat
Division of Personnel Administration

Labor Press Highlights

AFL-CIO Readies Organizing Strategy

ORGANIZING ACTIVITIES of the AFL-CIO are slated to get under way shortly, according to a report in the *AFL-CIO News*. A "blueprint" for the campaign, based on a survey of organizing potentials across the nation, is to be completed this month. Directors of twenty-two geographic regions of the United States were to have reported on the location of unorganized plants in their regions. John W. Livingston, AFL-CIO director of organization, heads up this organizing drive.

Which companies or industries will be given a priority status in the organizing campaign is known only to George Meany and a few other top federation officials, according to the *AFL-CIO News*. But Mr. Livingston is quoted in the paper as saying:

> "Wherever there is a need for organizing is where we will be. Right offhand, I think of the chemical, textile, wood, paper and shoe industries. And of course there are the white collar workers, particularly those in government, state and civic employment, the retail field and general office workers. There is a tremendous potential for organizing among white collar workers alone."

A southern organizing drive as such is not in the cards, according to Mr. Livingston. Organizing activity in the South will be part of the coordinated, industry-by-industry pattern.

Financing the organizing drive presents no problem, reports the *AFL-CIO News*. Mr. Livingston has already received pledges amounting to $4 million from former CIO affiliates. This amount, and more if necessary, will be raised by unions to sustain the drive, according to Mr. Livingston. He also stated that no premature announcements as to targets will be made. Nor did he advance any quick prospects for success. As quoted by the *AFL-CIO News*, Mr. Livingston says: "The time to blow the trumpets is after the victory."

Waterfront Campaign

One avenue that organizing activity will follow is indicated by the International Brotherhood of Longshoremen, the AFL-CIO unit set up to replace the International Longshoremen's Association which was ousted from the AFL because of racketeering. *The IBL Reporter* says that it has secured official word that the AFL-CIO Maritime Trades Department has earmarked $100,000 to support a new drive by the AFL-CIO unit against the ousted ILA. The organizing program will be in full swing by March, according to IBL President Harry Long. The aim is to bring about a new election in June of this year. Added backing for the drive against the independent union, says *The IBL Reporter*, will come from the Teamsters' union which has joined the Maritime Trades Department.

The Teamsters also recently concluded a mutual-aid pact with the ousted ILA. Of this, *The IBL Reporter* says: "Since the Maritime Trades Department has endorsed the IBL drive in New York harbor, the IBL will have the full backing of the waterfront Teamsters—which also means the recent ILA-Teamster pact is as counterfeit as a $9 bill." There is nothing to indicate that the Teamsters concur.

Aim To Expand in Food Industry

The Teamsters are also involved in a drive to organize food industry employees. According to *The St. Louis Labor Tribune*, the Meat Cutters' union and the Teamsters have each put up $100,000 for this campaign aimed at organizing a half million members in the food industry. Boston and Cleveland are mentioned as the cities that will feel the first impact of this joint campaign.

Hatters Finance Plant

However, while some unions talk of gaining new members, the United Hatters, Cap and Millinery

Workers faced a problem of retaining old members. In Baltimore, members of the local Hatters' union lost their jobs when the company they were striking quit business. The local rented a loft, purchased machinery and then leased the property to a new outfit who hired the striking Hatters. According to *The Hat Worker*, the new company has full management control. The union's financial stake in the company is secured by notes which draw no interest and, aside from the supervision of standard labor conditions under a standard labor contract, the union has no control over the operation of the business, explains the article in *The Hat Worker*.

Pick AFL-CIO Department Heads

Directors of ten AFL-CIO headquarter departments and two committees were officially named by AFL-CIO President George Meany. As reported in the *AFL-CIO News*, they are:

Department of Organization, John W. Livingston, director

Department of Legislation, Robert L. Oliver and William Hushing, codirectors

Department of Research, Stanley H. Ruttenberg, director

Department of International Affairs, George T. Brown, director

Department of Social Security, Nelson H. Cruikshank, director

Department of Public Relations, Philip Pearl, director

Department of Publications, Henry C. Fleisher, director

Director of Education, John Connors, director

Department of Accounting, Harold H. Jack, controller

Department of Purchasing & Supplies, Bernard Greene, director

Library, Mrs. Eloise Giles, librarian

Committee on Political Education (COPE), James L. McDevitt, formerly director of Labor's League for Political Education, and Jack Kroll, formerly director of the Political Action Committee, codirectors

Civil Rights Committee, Boris Shishkin, director

HAROLD STIEGLITZ
Division of Personnel Administration

Auto Allowances

(Continued from page 55)

Salesmen-owned automobiles are used by slightly more than three out of four companies—either exclusively or in combination with other plans. Although almost one-third of the companies report a combination of plans, in many cases one of the plans is used much more extensively.

Similarly in Canada, salesmen-owned cars are by far the most prevalent. Thirty-seven companies (two out of three) use this plan exclusively; and fifty-three companies (five out of six) use it either exclusively or in combination with other plans. The proportion of Canadian companies using salesmen-owned cars is much greater than that reported in the United States.

In contrast, the proportion using company-owned cars is about the same in both countries. Company-leased fleets are far less popular in Canada. Only five companies (8%) report using this method as compared with forty-seven companies (19%) in the United States.

VARIABLE EXPENSES

Almost all the companies using company-owned or leased automobiles pay for tolls, washing, garage, parking and towing fees. Most companies also carry liability insurance on the cars they own or lease. About one-half also carry collision insurance.

Although insurance figures vary a great deal, certain insurance coverage was reported fairly frequently. For salesmen-owned cars, the most common policy for property damage is $5,000. For company-owned cars, the most popular insurance figure for property damage is $100,000, with $5,000, $25,000 and $50,000 also commonly reported. Some companies carry as much as $1 million in property insurance. Coverage for bodily injury is frequently $100,000 for the individual injury, and $300,000 for the total accident. Several companies go as high as $2 million or $3 million for total accident coverage.

Very few companies report collision coverage; but $50 and $100 deductibles are the most popular policies among those that do. About thirty companies report comprehensive fire and theft coverage.

In general, the Canadian returns indicate similar insurance coverage, both as to extent and amount.

DRIVING COSTS

Most companies reporting total cost per mile for their automobile fleets say that salesmen-owned automobiles cost more than either company-owned or company-leased cars. (See Chart 3.)

Almost half the companies using salesmen-owned automobiles report costs of from 7 cents to 8 cents; and three-quarters report 7 cents through 9 cents. Less than 1% list the cost per mile as under 5 cents.

Companies using leased fleets report costs that are slightly lower. About one-half indicate costs of from 5 to 7 cents a mile, and two-fifths report 7 to 7.9 cents. Ninety per cent of the leased-fleet costs are reported in

the category of from 5 cents to 7.9 cents. And there are few extremes; only 7.5% report costs over 8 cents per mile.

Company-owned cars are apparently the least expensive. Three out of four companies report costs of less than 7 cents, and about two out of five report costs under 6 cents a mile.

Of the companies using both salesmen's and company-owned automobiles, twenty-nine report costs for both plans. Two firms report identical costs; another two said that company-owned cars cost more; twenty-five state that the cost for salesmen's cars is greater. However, the difference in most cases is 1 cent or 1.5 cents a mile.

Of the twenty-four companies reporting costs for both salesmen-owned automobiles and leased fleets, sixteen indicate that salesmen's cars cost slightly more.

Five companies reported costs for all three plans. Leased fleets cost the most in three cases; salesmen-owned cars cost the most in two cases. But the differential among the three methods of ownership is very slight.

Driving Costs—Canada

A total of fifty-two Canadian firms gave information on the estimated cost per mile for the three separate plans. These tabulate as follows: forty report on salesmen-owned; nineteen on company-owned; and five on company-leased. Since some of the firms gave multiple answers, the total exceeds the number reporting. Of the fifty-two firms, thirty-seven or more than two-thirds report costs ranging from 8 cents through 10 cents per mile. Twenty-five companies using salesmen-owned automobiles, the largest group within this range, reported these amounts. Ten firms with company-owned cars fall within this group, and there are two with company-leased cars. A marked similarity can be seen between the tabulation of total cost per mile and the flat mileage rate for salesmen-owned automobiles. Both pile up in the 8-cent, 9-cent, and 10-cent brackets.

It appears that the range of estimated cost per mile is narrower in the salesmen-owned group than in the other two groups, as can be seen from the following tabulation:

	Range (Cents per Mile)	
Ownership	*Low*	*High*
Salesmen-owned	6¢	12¢
Company-owned	4.3	11
Company-leased	7	14

In the salesmen-owned group, ten firms report estimated costs of between 6 and 7 cents, while five give an estimate of 11 or 12 cents.

The low figure of 4.3 cents per mile for company-owned automobiles makes no allowance for depreciation; and the next lowest, 5 cents, excludes both insurance and depreciation. This leaves 7 cents per mile as the lowest unqualified company-owned figure reported.

The company-leased group contains the widest dispersion of data on estimated total cost. Each of the five companies in this category reports a different figure; these are 7 cents, 8 cents, 9 cents, and 14 cents, with the fifth reporting $125 per month.

Nine of the companies report estimated costs for both salesmen-owned and company-owned cars. Of these, six report higher costs for the salesmen-owned than for the company-owned system, though the difference in most cases is slight. Four indicate salesmen-owned to be less than a penny higher and the remaining two indicate a difference of about 2 cents. Two firms report the same cost for both systems, and one reports that company-owned cars cost a half penny more.

Of the five firms reporting cost estimates for company-leased plans, three indicate comparison with company-owned and salesmen-owned. In two instances company-leased cars cost slightly less than salesmen-owned but are higher than company-owned. The other reports that company-leased cars cost more to operate than either of the other two.

To sum up, the number of salesmen and the annual mileage driven seem to have little effect on the cost per mile. Most costs involve running expenses such as gasoline and oil, and, in certain cases, depreciation.

In effect, there are many things to take into consideration when a company chooses a plan and a reimbursement rate. Such factors as cost of gas, make of car, depreciation, territory, and others must be considered by the individual company. Also to be considered is the fact that while salesmen-owned cars generally cost more, they are less trouble to a company.[1]

JUDITH WISHNIA
N. BEATRICE WORTHY
Statistical Division

[1] For analysis and case studies, see "Automobile Plans for Salesmen," *Studies in Business Policy*, No. 76.

Management Bookshelf

Wage and Salary Administration—A comprehensive synthesis of several components of compensation, including the annual wage, incentives, profit sharing, and executive pay plans. This volume is a lucid analysis of a half dozen of the problems which affect employer-employee relations. These are: (1) wage and salary levels, (2) equitable wage and salary structures, (3) individual employee rates of pay, (4) time and output wage payment plans, (5) "fringes" and (6) wage and salary controls. Five chapters are devoted to a detailed analysis of job evaluation plans and issues, and job pricing methods. *By David W. Belcher, Prentice-Hall, Inc., New York, New York, 1955, 503 pp. $6.75.*

Consumer Prices—the Year in Retrospect

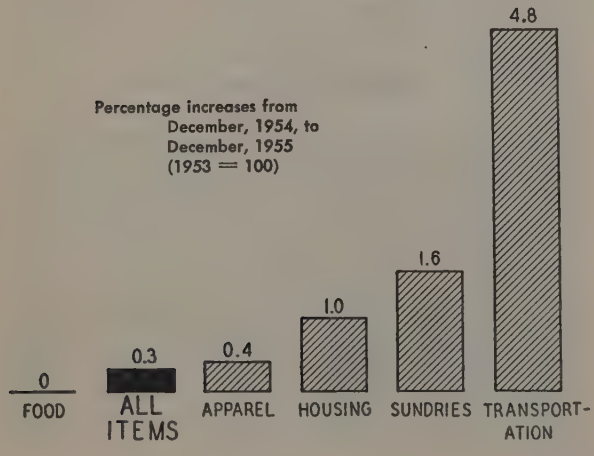
PRICES DURING 1955 were, on the average, only 0.1% above 1954's, according to THE CONFERENCE BOARD's consumer price index. A price rise of 0.3% between mid-November and mid-December, 1955, brought the all-items index to 101.0 (1953 = 100), the year's high. And as a result, the purchasing value of the December dollar was 99.0 cents (1953 dollar = 100 cents), 0.3 cent below the previous month and 1.2 cents below its December, 1954, value.

December Price Changes

The rise in the general price level over the month was mainly due to a substantial increase of 1.7% in transportation costs. At the same time, lesser increases of 0.2% and 0.1% were registered by the sundries and housing indexes respectively. But apparel costs remained unchanged over the month, while food prices decreased a slight 0.1%.

This small monthly decline in food prices was the result of almost balancing movements within the index. Fresh meat continued to show substantial price declines, especially pork and poultry. These decreases, however, were almost offset by advances in the dairy products and eggs, vegetables and fruits, and the other food at home subcomponents. Dairy product and egg prices rose 0.6% as fresh milk and eggs were higher. Fruits and vegetables were up 1.7%, mainly because of advances for fresh fruit and vegetables. And higher prices for both coffee and tea were responsible for the 0.3% increase in the other food at home group.

Consumer Price Index Changes During 1955



The apparel index remained unchanged over the month, as a slight decline in women's clothing was offset by a rise in service charges. Housing costs and sundries were slightly higher, reflecting scattered increases in all the subcomponents. The considerable rise of 1.7% in transportation costs was due entirely to the introduction of the higher priced 1956 cars. Public transportation charges remained unchanged.

The Year in Review

Reviews of 1955 business activity, in most instances, read like the sports pages in an Olympic year: records were broken in almost every field of economic activity. This also holds true for the price level of consumer goods, with an all-time high established in December, 1955. However, the 1955 annual average was only 0.1% above that for 1954. And price movement during the year—relative to all other business activity—was very sluggish. The all-items index remained unchanged five times this year; and it rose slightly seven times, with the largest increase, 0.3%, registered in December.

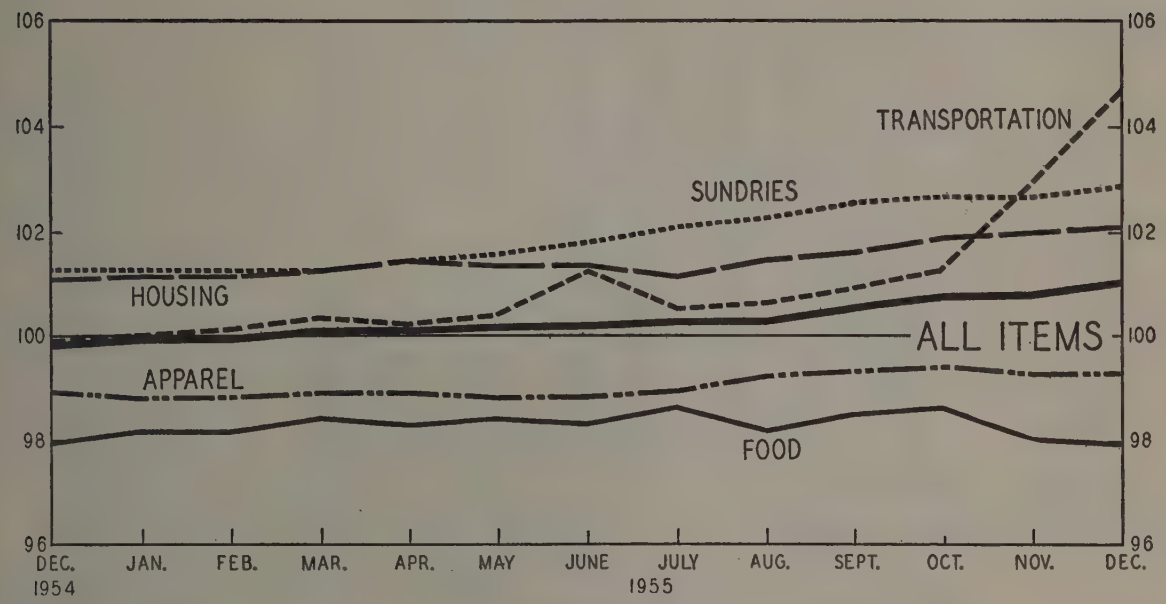
Compared with a year ago (December, 1954-December, 1955), prices were up 1.2%. All components except food, which was unchanged, registered increases. Apparel was up 0.4%, housing 1.0%, sundries 1.6% and transportation 4.8%. As Chart 2 shows, prices inched up almost imperceptibly during the first half of 1955, with the trend becoming more pronounced in the second half. The steady upward movement was first apparent in the sundries index, which started rising in April, with housing, apparel and transportation following around July.

Food Prices Unchanged

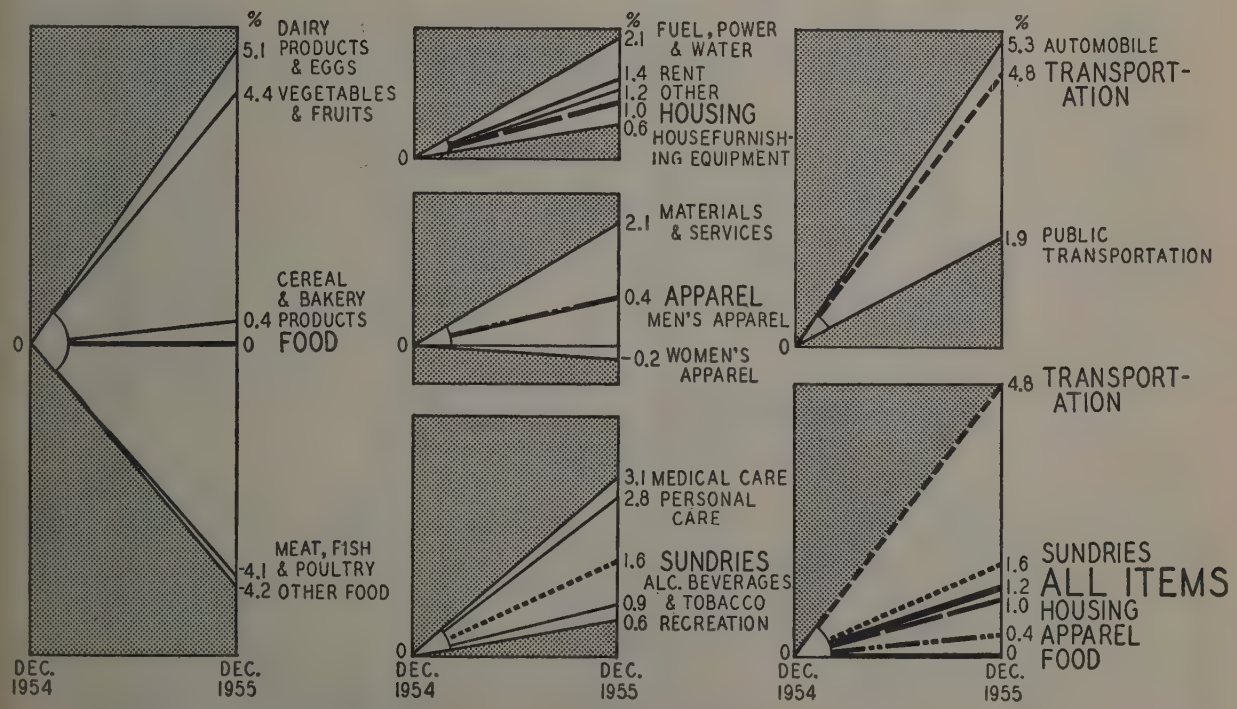
The food index as a whole was unchanged from a year ago. Its components, however, showed considerable variation. Dairy products and eggs rose 5.1% as a result of sustained price increases for eggs and fresh milk during the last half of the year. The vegetable and fruit index showed a slightly smaller advance of 4.4%. The increases registered by this index in the beginning of the year were far above the customary seasonal ones as adverse weather conditions affected vegetable prices, especially potatoes. During the summer, these prices leveled off, only to rise again in the

Consumer Price Index Changes During 1955

1953 = 100



Per Cent Changes, December 1954-December 1955



FEBRUARY, 1956

Consumer Price Index—United States

Cities over 50,000 in population

1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vegetables	Other Food at Home	Total	Rent	Fuel, Power, Water		
										Total	Gas	Electricity
1954 June	100.3	100.3	99.5	103.0	90.4	99.7	113.7	100.8	104.1	101.2	104.2	100.9
July	100.5	100.8	98.9	103.0	91.9	101.0	114.6	100.7	104.5	100.0	101.7	100.9
August	100.4	100.3	98.0	103.3	93.4	98.3	114.6	100.7	104.7	100.0	101.4	101.1
September	100.3	99.6	97.0	103.3	94.0	96.9	112.9	100.8	104.8	100.2	101.4	101.0
October	100.0	98.8	94.8	103.4	94.3	96.5	112.2	101.0	105.2	101.0	101.5	101.0
November	100.0	98.6	94.7	103.7	94.6	96.4	110.6	101.0	105.3	100.7	101.5	101.0
December	99.8	97.9	93.7	104.0	93.5	95.5	110.5	101.1	105.3	101.1	101.6	101.0
Annual Average	100.2	99.5	97.7	103.2	94.2	97.0	110.7	100.9	104.3	101.1	102.7	100.7
1955 January	99.9	98.2	94.3	104.0	92.8	97.1	110.2	101.2	105.5	102.7	104.8	100.9
February	99.9	98.2	94.4	104.2	93.6	97.4	108.8	101.2	105.5	103.1	105.2	100.9
March	100.1	98.4	94.1	104.3	94.2	99.1	107.5	101.3	105.7	103.3	105.6	101.0
April	100.1	98.3	94.3	104.3	93.0	100.7	106.5	101.5	105.8	103.5	106.5	101.1
May	100.2	98.4	94.0	104.4	91.7	104.1	105.7	101.4	105.8	102.9	106.5	101.1
June	100.2	98.3	94.6	104.4	91.5	103.5	104.6	101.4	105.8	102.7	106.7	101.2
July	100.3	98.6	94.9	104.6	92.4	103.6	104.6	101.2	106.2	101.4	103.9	101.6
August	100.3	98.2	94.5	104.7	94.5	99.1	104.7	101.5	106.2	101.3	104.2	101.7
September	100.5	98.5	94.9	104.8	96.4	97.4	105.1	101.6	106.3	102.1	104.5	101.7
October	100.7	98.6	94.0	104.8	97.4	97.7	105.5	101.9	106.5	102.6	104.5	101.8
November	100.7	98.0	91.7	104.4	97.7	98.0	105.6	102.0	106.6	102.9	105.0	101.8
December	101.0	97.9	89.9	104.4	98.3	99.7	105.9	102.1	106.8	103.2	105.3	101.8
Annual Average	100.3	98.3	93.8	104.4	94.5	99.8	106.2	101.5	106.1	102.7	105.2	101.4

	HOUSING (continued)		APPAREL			TRANSPORTATION	SUNDRIES	PURCHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnishings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939 = 100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49 = 100)
1954 June	98.5	100.2	99.1	99.4	98.8	99.6	100.9	99.7	182.1	54.9	114.2
July	98.6	100.2	98.9	99.4	98.5	100.2	100.9	99.5	182.5	54.8	114.4
August	98.5	100.3	99.0	99.4	98.6	100.4	101.0	99.6	182.3	54.9	114.3
September	98.6	100.4	99.0	99.5	98.6	100.5	101.1	99.8	182.1	54.9	114.2
October	98.6	100.4	99.0	99.4	98.6	100.1	101.1	100.0	181.6	55.1	113.8
November	98.7	100.5	99.0	99.4	98.6	100.2	101.2	100.0	181.6	55.1	113.8
December	98.6	100.5	98.9	99.3	98.5	99.9	101.3	100.2	181.2	55.2	113.6
Annual Average	98.9	100.3	99.2	99.5	98.9	100.1	101.0	99.8	182.0	54.9	114.1
1955 January	98.3	100.5	98.8	99.3	98.3	100.0	101.3	100.1	181.5	55.1	113.7
February	98.0	100.5	98.8	99.3	98.2	100.1	101.3	100.1	181.5	55.1	113.8
March	98.1	100.7	98.9	99.2	98.4	100.3	101.3	100.0	181.7	55.0	113.9
April	98.3	100.7	98.9	99.2	98.4	100.2	101.5	99.9	181.8	55.0	113.9
May	98.2	100.8	98.8	99.2	98.3	100.4	101.6	99.8	181.9	55.0	114.0
June	98.2	100.6	98.8	99.2	98.2	101.3	101.8	99.8	182.1	54.9	114.1
July	98.0	100.7	98.9	99.2	98.2	100.5	102.1	99.7	182.1	54.9	114.1
August	98.3	101.0	99.2	99.6	98.5	100.6	102.3	99.7	182.2	54.9	114.2
September	98.4	101.2	99.3	99.7	98.6	100.9	102.6	99.5	182.5	54.8	114.4
October	98.7	101.4	99.4	99.6	98.7	101.3	102.7	99.3	182.9	54.7	114.6
November	98.9	101.5	99.3	99.7	98.4	102.9	102.7	99.3	182.9	54.7	114.7
December	99.2	101.7	99.3	99.7	98.3	104.7	102.9	99.0	183.4	54.5	114.9
Annual Average	98.4	100.9	99.0	99.4	98.4	101.1	102.0	99.7	182.2	54.9	114.2

Consumer Price Index—United States

Annual average 1914-1954[a]

1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1935	53.6	186.6	1945	70.2	142.5
1915	40.0	250.0	1926	68.3	146.4	1936	54.8	182.5	1946	74.9	133.5
1916	43.0	232.6	1927	66.9	149.5	1937	57.2	174.8	1947	84.7	118.1
1917	51.3	194.9	1928	65.9	151.7	1938	55.7	179.5	1948	90.1	111.0
1918	59.5	168.1	1929	65.6	152.4	1939	55.0	181.8	1949	88.8	112.6
1919	67.6	147.9	1930	63.4	157.7	1940	55.4	180.5	1950	90.0	111.1
1920	77.8	128.5	1931	57.0	175.4	1941	58.3	171.5	1951	97.0	103.1
1921	66.8	149.7	1932	50.9	196.5	1942	64.5	155.0	1952	99.5	100.5
1922	63.6	157.2	1933	49.0	204.1	1943	68.2	146.6	1953	100.0	100.0
1923	65.4	152.9	1934	51.8	193.1	1944	69.1	144.7	1954	100.2	99.8
1924	66.1	151.3							1955	100.3	99.7

a Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Consumer Price Index

1953 = 100

These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standards of living.

Cities Surveyed Monthly

	Index Numbers 1953 = 100			Percentage Changes			Index Numbers 1953 = 100			Percentage Changes	
	Dec. 1955	Nov. 1955	Dec. 1954	Nov. 1955 Dec. 1955	Dec. 1954 Dec. 1955		Dec. 1955	Nov. 1955	Dec. 1954	Nov. 1955 Dec. 1955	Dec. 1954 Dec. 1955
Chicago						**Los Angeles**					
All Items	103.5	103.3	101.6	+0.2	+1.9	All Items	99.7	99.2	98.9	+0.5	+0.8
Food	100.1	99.4	99.4	+0.7	+0.7	Food	96.1	94.4	94.9	+1.8	+1.3
Housing	107.9	107.8	104.6	+0.1	+3.2	Housing	101.3	101.1	100.2	+0.2	+1.1
Apparel	100.3	100.8	98.7	−0.5	+1.6	Apparel	99.1	99.3	99.8	−0.2	−0.7
Transportation	102.9	102.9	101.2	0	+1.7	Transportation	100.6	100.7	101.4	−0.1	−0.8
Sundries	104.4	104.4	102.2	0	+2.2	Sundries	102.1	102.1	100.2	0	+1.9
Houston						**New York**					
All Items	101.4	101.5	99.5	−0.1	+1.9	All Items	100.8	100.3	100.3	+0.5	+0.5
Food	98.6	99.3	97.3	−0.7	+1.3	Food	96.8	96.9	97.6	−0.1	−0.8
Housing	101.7	101.7	101.1	0	+0.6	Housing	102.6	102.1	101.8	+0.5	+0.8
Apparel	99.2	99.2	99.6	0	−0.4	Apparel	98.3	98.0	97.9	+0.3	+0.4
Transportation	106.4	106.8	99.3	−0.4	+7.2	Transportation	112.5	108.6	107.8	+3.6	+4.4
Sundries	102.2	101.9	100.3	+0.3	+1.9	Sundries	101.8	101.6	101.3	+0.2	+0.5

Cities Surveyed Quarterly

	Index Numbers 1953 = 100			Percentage Changes			Index Numbers 1953 = 100			Percentage Changes	
	Dec. 1955	Sept. 1955	Dec. 1954	Sept. 1955 Dec. 1955	Dec. 1954 Dec. 1955		Dec. 1955	Sept. 1955	Dec. 1954	Sept. 1955 Dec. 1955	Dec. 1954 Dec. 1955
Atlanta						**Indianapolis**					
All Items	100.3	99.9	98.1	+0.4	+2.2	All Items	101.2	100.0	99.8	+1.2	+1.4
Food	94.1	96.4	94.7	−2.4	−0.6	Food	96.7	97.6	97.3	−0.9	−0.6
Housing	102.1	101.8	101.0	+0.3	+1.1	Housing	101.9	101.4	101.5	+0.5	+0.4
Apparel	99.7	99.7	98.1	0	+1.6	Apparel	97.9	97.5	97.7	+0.4	+0.2
Transportation	106.8	100.4	98.4	+6.4	+8.5	Transportation	106.2	98.6	97.3	+7.7	+9.1
Sundries	103.2	101.9	98.6	+1.3	+4.7	Sundries	104.9	104.3	104.4	+0.6	+0.5
Cleveland						**Kansas City**					
All Items	101.9	101.3	99.8	+0.6	+2.1	All Items	101.4	100.7	100.0	+0.7	+1.4
Food	97.3	99.1	98.0	−1.8	−0.7	Food	96.0	96.3	97.5	−0.3	−1.5
Housing	101.9	101.7	100.9	+0.2	+1.0	Housing	102.7	102.8	101.0	−0.1	+1.7
Apparel	100.8	100.2	99.5	+0.6	+1.3	Apparel	96.9	97.2	96.6	−0.3	+0.3
Transportation	108.2	101.3	98.6	+6.8	+9.7	Transportation	105.9	99.8	101.0	+6.1	+4.9
Sundries	104.6	104.3	101.5	+0.3	+3.1	Sundries	106.3	106.3	103.1	0	+3.1
Denver						**Lansing**					
All Items	101.3	101.2	100.2	+0.1	+1.1	All Items	102.2	101.3	99.9	+0.9	+2.3
Food	98.9	99.5	99.4	−0.6	−0.5	Food	100.5	101.6	99.4	−1.1	+1.1
Housing	101.6	101.6	101.1	0	+0.5	Housing	101.8	101.5	100.8	+0.3	+1.0
Apparel	99.1	98.7	99.1	+0.4	0	Apparel	100.2	100.5	99.5	−0.3	+0.7
Transportation	103.6	102.0	100.5	+1.6	+3.1	Transportation	107.8	100.7	98.5	+7.1	+9.4
Sundries	104.0	103.9	100.1	+0.1	+3.9	Sundries	102.3	101.7	100.3	+0.6	+2.0
Des Moines						**Milwaukee**					
All Items	100.8	100.7	99.0	+0.1	+1.8	All Items	100.0	99.7	98.4	+0.3	+1.6
Food	99.3	100.8	97.6	−1.5	+1.7	Food	94.3	96.5	95.7	−2.3	−1.5
Housing	100.0	100.5	99.8	−0.5	+0.2	Housing	100.3	100.1	99.8	+0.2	+0.5
Apparel	99.4	97.3	99.2	+2.2	+0.2	Apparel	98.3	98.8	97.7	−0.5	+0.6
Transportation	101.9	99.3	95.7	+2.6	+6.5	Transportation	109.6	103.0	98.9	+6.4	+10.8
Sundries	104.2	103.7	102.0	+0.5	+2.2	Sundries	102.1	101.9	100.3	+0.2	+1.8
Evansville						**Pittsburgh**					
All Items	99.6	98.1	98.8	+1.5	+0.8	All Items	100.6	100.2	99.5	+0.4	+1.1
Food	93.1	94.7	96.0	−1.7	−3.0	Food	96.7	98.9	97.8	−2.2	−1.1
Housing	99.7	99.2	99.6	+0.5	+0.1	Housing	102.2	101.9	101.4	+0.3	+0.8
Apparel	101.0	98.4	98.5	+2.6	+2.5	Apparel	101.1	101.0	100.7	+0.1	+0.4
Transportation	108.7	98.4	100.1	+10.5	+8.6	Transportation	104.5	96.9	97.1	+7.8	+7.6
Sundries	102.3	101.9	101.4	+0.4	+0.9	Sundries	101.6	101.1	100.3	+0.5	+1.3
Huntington—Ashland						**Portland**					
All Items	101.8	101.3	100.5	+0.5	+1.3	All Items	100.2	99.2	98.5	+1.0	+1.7
Food	97.5	99.0	99.6	−1.5	−2.1	Food	96.6	95.9	96.1	+0.7	+0.5
Housing	103.7	102.4	100.9	+1.3	+2.8	Housing	100.5	100.4	100.0	+0.1	+0.5
Apparel	101.3	100.7	100.4	+0.6	+0.9	Apparel	98.2	98.1	97.5	+0.1	+0.7
Transportation	108.5	103.2	100.8	+5.1	+7.6	Transportation	103.4	99.0	96.6	+4.4	+0.7
Sundries	102.9	102.9	101.6	0	+1.3	Sundries	103.5	102.9	101.7	+5.8	+1.8

last quarter of 1955. Cereal and bakery product prices were 0.4% higher, moving up slowly but steadily over the year.

All these increases, however, were offset by very substantial declines in the meat, fish and poultry index and the other food at home group. The meat, fish and poultry index went down 4.1% over the year. It was steady during the first half, when price declines for beef and pork were offset by higher poultry prices. But during the second half, beef and pork fell more sharply, and poultry joined the downward trend. The decline in the other food at home index resulted from the break in coffee prices, which was only partly offset by rising tea prices.

All Other Components Higher

The main factors in the increase of the housing index were higher prices for rent and fuel. Rents, moving steadily upward, increased 1.4% during the year. And fuel prices, which follow a seasonal pattern, moved up 2.1%, after registering scattered increases. Substantial advances were recorded for gas and electricity rates (3.6% and 0.8% respectively). Other household operations and housefurnishings and equipment showed lesser increases.

Apparel costs rose 0.4% over the year, reflecting advances of 0.4% for men's clothing and 2.1% for materials and services. Prices for women's apparel, on the other hand, declined 0.2%. This index moved down

Consumer Price Index, 1955 Annual Averages

1953 = 100

	All Items	Food	Housing	Apparel	Transportation	Sundries
United States	100.3	98.3	101.5	99.0	101.1	102.0
Monthly cities:						
Chicago	102.7	100.3	106.5	99.5	101.5	103.4
Houston	100.4	99.0	101.3	99.4	100.9	101.4
Los Angeles	99.4	96.0	101.0	99.3	100.4	101.2
New York	100.5	97.8	101.8	98.0	108.6	101.4
January, April, July, October:						
Birmingham	100.1	98.3	100.9	98.8	99.1	103.1
Bridgeport	100.1	98.4	100.2	98.8	101.3	102.4
Cincinnati	100.7	98.1	102.9	99.9	99.9	102.7
Erie	100.5	97.3	101.8	100.0	98.1	105.2
Grand Rapids	100.9	100.3	101.2	100.4	100.8	101.5
Minneapolis-St. Paul	101.0	99.3	102.0	100.7	99.8	101.6
Newark-N. E. N. J.	99.4	99.1	99.8	98.3	97.6	101.4
New Orleans	101.4	101.7	101.9	99.2	98.0	104.0
Philadelphia	99.5	97.7	99.6	98.7	102.1	101.7
Roanoke	98.8	96.4	100.7	96.7	99.6	100.2
Seattle	100.2	99.6	99.8	98.8	98.9	103.3
Syracuse	99.9	97.8	100.7	99.4	101.1	101.5
February, May, August, November:						
Akron	100.3	99.0	101.6	98.0	100.7	101.2
Baltimore	100.0	97.8	100.7	100.5	100.4	101.7
Boston	99.6	97.8	100.7	97.8	98.2	102.4
Chattanooga	98.8	95.6	99.9	98.6	100.9	101.5
Dallas	99.6	98.0	100.0	98.8	99.6	101.7
Detroit	100.8	99.1	102.0	99.8	100.9	102.4
Duluth-Superior	100.8	99.0	102.1	98.4	102.2	101.7
Richmond	100.2	97.8	101.3	99.0	101.1	102.5
Rochester	100.6	100.5	100.1	99.0	100.9	102.0
St. Louis	99.8	97.3	100.7	99.5	102.5	100.8
San Francisco-Oakland	101.5	100.3	102.3	99.4	101.7	103.2
Wilmington	99.8	96.2	101.3	99.1	101.0	102.4
March, June, September, December:						
Atlanta	98.9	95.3	101.4	98.5	100.0	99.9
Cleveland	100.5	98.5	101.6	100.1	99.4	102.9
Denver	100.9	100.5	101.3	98.7	101.6	101.6
Des Moines	100.0	99.0	100.0	98.6	99.6	102.8
Evansville	98.4	95.1	99.4	98.6	99.8	101.2
Huntington-Ashland	100.8	99.3	101.5	100.5	101.1	102.5
Indianapolis	100.1	97.9	101.3	97.5	98.5	104.3
Kansas City	100.4	96.5	102.2	96.9	100.6	105.0
Lansing	100.6	100.3	101.2	99.9	100.4	100.8
Milwaukee	99.1	96.0	99.8	98.2	101.5	100.9
Pittsburgh	100.0	98.5	101.7	101.1	98.0	100.8
Portland, Ore.	99.1	96.3	100.2	97.5	99.2	102.3

steadily during the year, except for the autumn months when prices for women's apparel are customarily higher.

As the result of a 5.3% increase in automobile costs and a 1.9% increase in public transportation, the transportation index advanced substantially during the year to reach an all-time high in December, 1955. Public transportation rates have been rising steadily for the last few years and this trend continued throughout 1955. The automobile index for the year was somewhat less stable. During the first three quarters of 1955, rising upkeep costs caused slight increases, although some fluctuations occurred as a result of gasoline price wars in various areas. During the last three months, however, the automobile index rose at a greatly accelerated rate when the higher-priced 1956 models were introduced. However, dealers' record inventories of new cars at the beginning of 1956 suggest the possibility of a halt to the upward trend of this index in the future.

The sundries index, which includes many services, also reached a peak in 1955. The largest advance was recorded for the cost of medical care, which inched up continuously through the year to a point 3.1% above the previous December. The personal care index followed the same pattern, registering a 2.8% increase as a result of higher costs for services and toilet articles. Alcoholic beverages and tobacco, and recreation showed lesser increases of 0.9% and 0.6% respectively.

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Size of Pensions

(Continued from page 51)

Size of Company

There is no clear-cut relationship between size of company and size of pension. The median benefit for the twenty-eight companies with more than 10,000 employees is lower than the median for companies with less than 10,000 workers. At the $3,600 wage level, the median benefit is $64 per month in companies with more than 10,000 employees and $80 per month in companies with less than 10,000 workers. The respective medians at the $6,000 wage level are $130 and $150 per month. Although these differences are small, they do hold for contributory and noncontributory plans alike.

Among the ninety-two plans with less than 10,000 employees, there is a tendency for the median—based on the $3,600 wage—to increase with size, but this is not true of the median based on $6,000. When the companies with less than 1,000 employees are compared with those with 1,000 to 10,000, the median contributory benefit of the under-1,000 group is higher; but the noncontributory median benefit is lower. This is true for both the $3,600 and $6,000 salary levels.

Deduction of Social Security

One out of five plans studied deduct all or part of the primary Social Security benefit from the pension provided by the plan's basic formula.[1] The benefit paid directly by the company is smaller, on the average, in plans that deduct Social Security than it is in those that do not.

The average pension provided by plans that deduct Social Security is $34 per month for an employee with average earnings of $3,600 and thirty years' service. The comparable pension paid by plans that do not deduct OASI benefits is about one and one-half times larger, or $89 per month.

For an employee with $6,000 average earnings and thirty years' service, the plans that deduct Social Security average $103 per month. The company pension paid by plans that do not deduct OASI is about 58% higher, or $162 per month.

All but four of the twenty-four plans that deduct Social Security are noncontributory. As a result, the deduction of Social Security is one reason why noncontributory plans as a group provide smaller benefits than contributory plans. For example, if only the plans that do not deduct Social Security are included in the computations, the median benefit for the $3,600 employee under noncontributory plans rises from $60 to $68, while the median contributory benefit remains at $90 per month. This narrowing of the differential is even more pronounced at the $6,000 per year level. When plans that deduct Social Security are excluded, the noncontributory median benefit jumps from $112 to $125 per month, which compares with $178 per month from contributory plans.

Another way to show the importance of the Social Security deduction is to calculate median benefits without deducting the OASI amount in those plans that specify such a deduction. When this is done, the median noncontributory benefit for the $3,600 a year employee becomes identical to the median contributory benefit—$90 per month. For the $6,000 salary level, the median noncontributory benefit increases from $112 to $150, compared to $169 per month under contributory plans.

Type of Formula

The manner in which the formula gears the pension to earnings is also related to the size of the benefit provided by the company. One type of formula provides a monthly benefit which is completely independent of an employee's earnings. For example, under the seventeen noncontributory plans of this type, the median monthly benefit is $50 for both the $3,600 and the $6,000 wage levels. This flat-sum type of plan

[1] These plans are shown in Table 15, op. cit., p. 22.

generally provides a smaller benefit than do plans in which the benefit increases as earnings increase. Under the forty-seven noncontributory plans of this latter type, the median benefit is $78 and $145 per month for the $3,600 and $6,000 wage levels respectively.

Within the group of plans that directly gear benefits to earnings, the method used to do this generally determines the size of the company pension for any given salary. Some plans apply a uniform percentage to the entire salary. Other plans apply a graduated percentage, with the higher percentage used for that part of the salary which is above a stipulated amount.

The uniform percentage formula generally results in a smaller benefit than the graduated formula. For example, under the twenty-nine noncontributory plans that use a uniform percentage, the median monthly benefit is $65 and $113 for the $3,600 and $6,000 incomes respectively. The comparable benefits provided by eighteen graduated plans are $90 and $180.

These differences in the median pension of the three basic types of formulas—flat sum, uniform percentage and graduated percentage—generally hold for contributory plans as well as noncontributory. However, data for the contributory plans are not given here because of the small number of flat-sum formulas (nine) and uniform percentage formulas (fifteen); nearly 60% of the contributory plans are of the graduated percentage type. However, most of the flat-sum formulas might well be called "graduated," for as Table 2 shows, all but one of them provide some percentage on salary over a given level as well as the flat-sum benefit.

To sum up, the most common type of formula found in contributory plans is one based on a graduated percentage—which is the type that pays the highest benefits. The most common kind of formula found in noncontributory plans is one based on a uniform percentage, which in general pays a lower benefit. In other words, the difference in the size of the benefit from contributory and noncontributory plans is reflected in the type of formula most commonly found in each group.

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Wage Adjustments

(Continued from page 59)

marily to the automotive section of the transportation industry, SUB plans were reported in two other industries—fabricated metals (American Can Company and Continental Can Company) and the glass industry (Libbey-Owens-Ford Glass Company and Pittsburgh Plate Glass Company).

The most widely reported fringe benefits were in-

Chart 3: Wage and Fringe Benefits Granted Hourly and Salaried Employees in 1951 and 1955

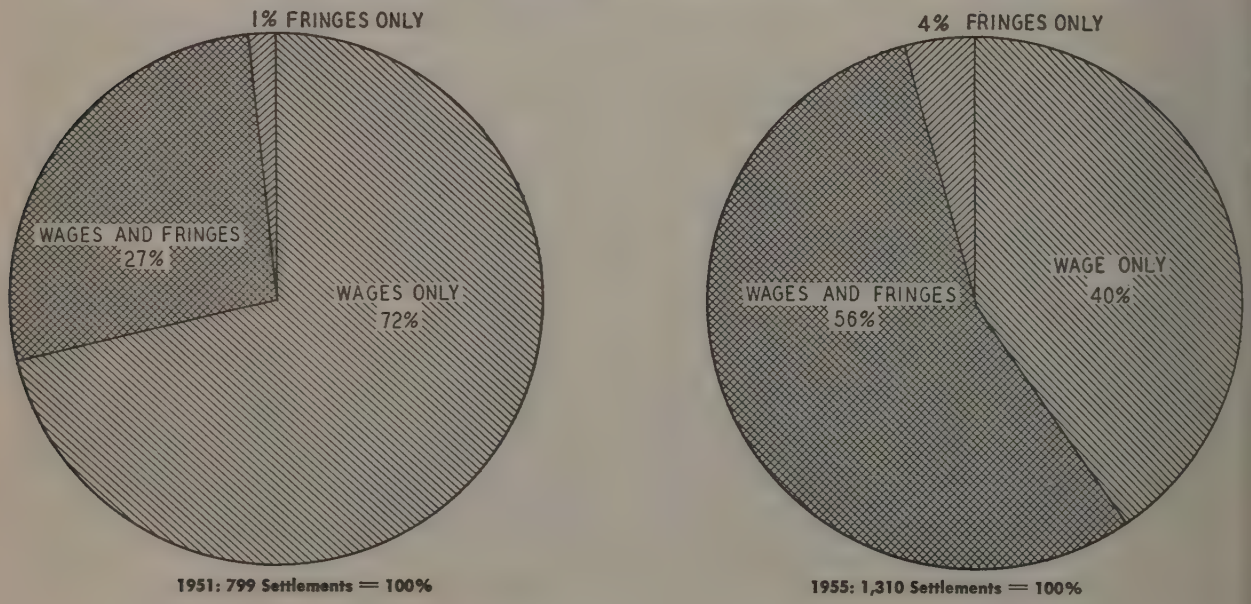

Table 5: Wage Adjustments Affecting Wage Earners in 1954 and 1955

Cents-Per-Hour Increases	1955 No. of Settlements	1955 % of Total	1955 Cumulative Per Cent	1954 No. of Settlements	1954 % of Total	1954 Cumulative Per Cent	
Under 3*	122	10%	10%	184	16%	16%	
3-5.9	515	40	50	518	46	62	
6-8.9	368	29	79	307	27	89	
9-11.9	144	11	90				
12-14.9	65	5	95	81	7	96	9-12.9
15-17.9	52	4	99	24	2	98	13-17.9
18 & over	9	1	100	7	1	99	
Total	1,275	100		1,121	99		

Percentage Increases	No. of Settlements	% of Total	Cumulative Per Cent	No. of Settlements	% of Total	Cumulative Per Cent
Under 2	4	3%	3%	3	2%	2%
2-2.9	21	18	21	20	12	14
3-3.9	36	31	52	101	61	75
4-4.9	28	24	76	23	14	89
5-5.9	17	15	91	12	7	96
6 & over	9	8	99	7	4	100
Total	115	99		166	100	

* Includes some decreases.

creased pensions, hospitalization, and insurance. Extended vacations, particularly for employees with from ten to fifteen years' service, were also frequently reported. Some of the marginal fringes included jury duty pay, funeral leave, and shift premium increases.

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Management Bookshelf

Job Evaluation—A discussion of the underlying principles, philosophies and procedures related to the installation and maintenance of formal wage and salary plans. Fifteen of the nineteen chapters describe, in textbook style, the chronological steps of selecting a job evaluation plan, analyzing and rating jobs, surveying community rates, and putting the plan into operation. The text is based on a survey of the methods and practices reported by 322 organizations currently using job evaluation. Industries covered in the survey include auto and auto parts manufacturers, aircraft construction, banking, railroad, retail and wholesale trade, public utilities and petroleum as well as universities and municipalities. One chapter is devoted to managerial and executive evaluation plans. *By E. Lanham, McGraw-Hill Book Company, Inc., New York, New York, 1955, 400 pp. $6.*

Pensions: Problems and Trends—An analysis of the characteristics, trends, problems and implications of private pensions. Forces underlying the private pension movement are discussed at length, including the influence of federal tax policy. Consideration is also given to the impact of private pensions on capital formation and other economic functions. The book is primarily oriented toward private pensions, but it leads off with an examination of the interrelationship of public and private pension plans, including the Federal Old-Age and Survivors' Insurance Program. *Edited by Dan M. McGill, S. S. Huebner Foundation for Insurance Education of the University of Pennsylvania. Published by Richard D. Irwin, Inc., Homewood, Illinois, 1955, 211 pp. $4.50.*

Personnel Audit and Appraisal—A discussion of five methods of auditing the work of a company's personnel department: statistical series, check-list questionnaire, sociometric studies, attitude surveys, and employee interviewing. The writing is nontechnical. Most of the references cited are five years old or more. *By Thomas J. Luck, McGraw-Hill Book Company, Inc., New York, New York, 1955, 317 pp. $6.*

Some Dimensions of Company-Union Downward Communication—A study of the various media of downward communication in one company and in the union associated with that company. The report also considers the interrelationship of these two communication systems and how they help or hinder one another, particularly at the foreman-steward level. *By William H. Keown, University of Wisconsin School of Commerce, Madison, Wisconsin, 1955, 143 pp. $1.15.*

Significant Labor Statistics

Item	Unit	1955							Year Ago	Percentage Cha.	
		Dec.	Nov.	Oct.	Sept.	Aug.	July	June		Latest Month over Previous Month	Late Mon ove Yea Ag
Consumer Price Indexes											
All Items	1953 = 100	101.0	100.7	100.7	100.5	100.3	100.3	100.2	99.8	+0.3	+
Food	1953 = 100	97.9	98.0	98.6	98.5	98.2	98.6	98.3	97.9	−0.1	
Housing	1953 = 100	102.1	102.0	101.9	101.6	101.5	101.2	101.4	101.1	+0.1	+
Apparel	1953 = 100	99.3	99.3	99.4	99.3	99.2	98.9	98.8	98.9	0	+
Transportation	1953 = 100	104.7	102.9	101.3	100.9	100.6	100.5	101.3	99.9	+1.7	+
Sundries	1953 = 100	102.9	102.7	102.7	102.6	102.3	102.1	101.8	101.3	+0.2	+
Purchasing Value of Dollar	1953 dollars	99.0	99.3	99.3	99.5	99.7	99.7	99.8	100.2	−0.3	−
(*BLS*) All Items	1947-1949 = 100	114.7	115.0	114.9	114.9	114.5	114.7	114.4	114.3	−0.3	+
Employment Status [1]											
Civilian labor force	thousands	66,592	67,206	67,292	66,882	67,725	67,465	66,696	63,526	−0.9	+
Employed	thousands	64,165	64,807	65,161	64,733	65,488	64,995	64,016	60,688	−1.0	+
Agriculture	thousands	5,884	6,920	7,905	7,875	7,536	7,704	7,681	5,325	−15.0	+1
Nonagricultural industries	thousands	58,281	57,887	57,256	56,858	57,952	57,291	56,335	55,363	+0.7	+
Unemployed	thousands	2,427	2,398	2,131	2,149	2,237	2,471	2,679	2,838	+1.2	−1
Index of unemployment*	1947-1949 = 100	*na*	103	105	96	97	91	99	—	—	
Wage Earners [2,3]											
Employees in nonagr'l establishm'nts	thousands	*p* 51,169	*r* 50,640	*r* 50,471	50,322	49,858	49,420	49,508	49,463	+1.0	+
Manufacturing	thousands	*p* 16,984	*r* 17,075	*r* 16,999	16,915	16,807	16,475	16,577	16,050	−0.5	+
Mining	thousands	*p* 753	*r* 754	*r* 751	758	754	749	760	747	−0.1	+
Construction	thousands	*p* 2,396	*r* 2,569	*r* 2,685	2,748	2,746	2,701	2,615	2,426	−6.7	−
Transportation and public utilities	thousands	*p* 4,141	*r* 4,145	*r* 4,127	4,152	4,137	4,113	4,081	3,996	−0.1	+
Trade	thousands	*p* 11,674	*r* 11,116	*r* 10,909	10,824	10,638	10,633	10,643	11,354	+5.0	+
Finance	thousands	*p* 2,225	*r* 2,216	*r* 2,216	2,223	2,241	2,237	2,206	2,136	+0.4	+
Service	thousands	*p* 5,653	*r* 5,691	*r* 5,730	5,791	5,818	5,816	5,775	5,588	−0.7	+
Government	thousands	*p* 7,343	*r* 7,074	7,054	6,911	6,717	6,696	6,851	7,166	+3.8	+
Production and related workers in mfg. employment											
All manufacturing	thousands	*p* 13,421	*r* 13,527	*r* 13,446	13,373	13,262	12,951	13,086	12,645	−0.8	+
Durable	thousands	*p* 7,841	*r* 7,867	*r* 7,729	7,623	7,553	7,499	7,630	7,218	−0.3	+
Nondurable	thousands	*p* 5,580	*r* 5,660	*r* 5,717	5,750	5,709	5,452	5,456	5,427	−1.4	+
Average weekly hours											
All manufacturing	number	*p* 41.4	41.2	41.1	40.9	40.6	40.4	40.7	40.5	+0.5	+
Durable	number	*p* 42.0	*r* 41.9	41.7	41.5	41.1	40.9	41.3	41.1	+0.2	+
Nondurable	number	*p* 40.7	*r* 40.3	40.3	40.2	39.9	39.7	39.9	39.8	+1.0	+
Average hourly earnings											
All manufacturing	dollars	*p* 1.93	1.93	1.91	1.90	1.88	1.89	1.87	1.83	0	+
Durable	dollars	*p* 2.06	*r* 2.06	2.04	2.03	2.01	2.01	1.99	1.95	0	+
Nondurable	dollars	*p* 1.75	1.74	1.72	1.72	1.70	1.71	1.70	1.67	+0.6	+
Average weekly earnings											
All manufacturing	dollars	*p* 79.90	79.52	78.50	77.71	76.33	76.36	76.11	74.12	+0.5	+
Durable	dollars	*p* 86.52	*r* 86.31	85.07	84.25	82.61	82.21	82.19	80.15	+0.2	+
Nondurable	dollars	*p* 71.23	*r* 70.12	69.32	69.14	67.83	67.89	67.83	66.47	+1.6	+
Straight time hourly earnings (estimated)											
All manufacturing	dollars	*p* 1.85	1.86	1.84	1.83	1.83	1.82	1.81	1.77	−0.5	+
Durable	dollars	*p* 1.97	*r* 1.97	1.96	1.95	1.94	1.94	1.91	1.88	0	+
Nondurable	dollars	*p* 1.69	1.69	1.67	1.67	1.66	1.67	1.66	1.63	0	+
Turnover Rates in Manufacturing [2]											
Separations	per 100 employees	*p* 2.9	*r* 3.1	3.5	4.4	4.0	3.2	3.2	3.0	−6.5	−
Quits	per 100 employees	*p* 1.1	*r* 1.4	1.8	2.8	2.2	1.6	1.5	0.9	−21.4	+2
Discharges	per 100 employees	*p* 0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.2	−33.3	
Layoffs	per 100 employees	*p* 1.4	*r* 1.2	1.1	1.1	1.3	1.1	1.2	1.7	+16.7	−1
Accessions	per 100 employees	*p* 2.4	3.3	4.1	4.4	4.5	3.4	4.3	2.5	−27.3	−

[1] Bureau of the Census
[2] Bureau of Labor Statistics
[3] The BLS had adjusted its nonfarm employment and hours and earnings series to first quarter 1954 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since January, 1951.

p Preliminary *r* Revised
*This index of unemployment is a seasonally adjusted index and provides a mea of unemployment from which seasonal fluctuations have been removed insofa possible.
na Not available.

Monthly Wage Settlement Highlights

NINE CENTS AN HOUR is the average wage increase of the settlements confirmed by The Conference Board during the mid-December to mid-January period. The forty-six settlements selected for tabulation on the following pages include wage increases which range from 3 cents to 14 cents an hour. About half of the increases are between 6 and 8 cents, while a fourth are between 9 and 12 cents.

Chemicals

The two-year agreement between Paragon Paint and Varnish Corporation, Long Island City, New York, and the Oil, Chemical and Atomic Workers, AFL-CIO boosts wages 10 cents an hour for some 1,100 employees. It is the highest increase reported for the chemical industry. Of the two other settlements reported, one grants a 5-cent immediate increase, and defers until next December the payment of an additional 4 cents.

Communications

In keeping with settlements negotiated during the last few months in the communications field, the seven reported this month grant increases which range from $2 to $4.50 a week. The New England Telephone and Telegraph Company's contract is with a group of independent unions representing over 32,000 members. All of the other settlements are with the Communications Workers, AFL-CIO.

Food

The American Sugar Refining Company's contract with the Packinghouse Workers, AFL-CIO combines a 15-cent-per-hour raise with several improved fringes, including increased life insurance and medical benefits. Godchaux Sugars, Inc., Reserve, Louisiana, granted the same union a total increase of 10 cents an hour—5 cents in December, 1955, and 5 cents in February, 1956. There were no added fringe benefits in the Godchaux contract.

Public Utilities

In the agreement between Potomac Electric Power Company, Washington, D. C., and the Electric Utility Employees' Union, independent, increases ranging from 4 cents to 11 cents an hour were granted to wage earners. And salaried employees received from $2 to $4.50 a week. The settlement, arrived at through wage reopening provisions in the two-year contract, affects 1,700 wage earners and more than 700 salaried employees.

The agreement between Gulf States Utilities Company, Beaumont, Texas, and the Gulf States Employees Association, independent, resulted in a 4% wage increase for some 2,000 union members as well as a 4% tandem increase[1] for supervisory and "confidential" employees.

Textiles

A 10-cent hourly increase was granted by Celanese Corporation of America to over 900 AFL-CIO Textile Workers (formerly CIO), in Belvidere and Newark, New Jersey. The contracts also provide for an additional 3-cent increase to maintenance workers and tradesmen. The Belvidere agreement, which is an initial contract, includes an extra paid holiday and increased vacation benefits.

As a result of a wage reopening, Johnson & Johnson, New Brunswick, New Jersey, added an 8-cent hourly increase to the pay of 1,550 Textile Workers (formerly CIO). And Appleton Woolen Mills increased wage rates 3 cents an hour. A third week of vacation after twenty years' service as well as increased health benefits were included in the Appleton package.

Transportation

In the settlement between the nation's Class I railroads and eleven nonoperating railroad unions, which were represented by the Employees' National Conference Committee, about 750,000 employees received hourly increases of 13.5 and 14.5 cents. The 13.5-cent increase was granted to the Hotel and Restaurant Employees and Bartenders, while the 14.5-cent increase went to the other nonoperating employees. Beginning March 1, the railroads will pay the entire cost of a hospital and medical plan up to a maximum of $6.80 a month per employee. Formerly, cost of the hospital-medical plan was shared equally by the railroads and the employees.

The Railway Express Agency's grant of 8 cents an hour went to 3,800 Teamsters, AFL-CIO in Chicago, Cincinnati, Cleveland, Newark, Philadelphia, St.

(Text continued on page 80)

[1] Tandem increases are those granted to nonunion salaried employees in order to adjust their income to the wage increases bargained by unions.

Wage Adjustments Announced Prior to January 15, 1956

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Chemical and Allied Products				
The Glidden Company Collinsville, Ill. *Chemical Workers, AFL-CIO*	65 WE 11-1-55	$.075 per hr.	(1) Improved retirement plan (2) Partial company contribution to hospital-surgical plan (3) 3-day max. death-in-family benefit	Result of contract expiration. Contract term—2 yrs.
International Minerals & Chemical Corp. Wales, Tenn. *Oil, Chemical & Atomic Workers, AFL-CIO*	*n.a.* WE 12-1-55	$.05 per hr., plus $.04 per hr. 12-1-56	None	Result of contract expiration. Contract term—2 yrs.
Paragon Paint & Varnish Corp. Long Island City, N. Y. *Oil, Chemical & Atomic Workers, AFL-CIO*	1,129 WE 12-1-55	$.10 per hr.	None	Result of contract expiration. Contract term—2 yrs.
Communications				
American Telephone & Telegraph Co.—Long Lines Division Interstate *Communications Workers, AFL-CIO*	23,000 WE 11-14-55	From $2.50 to $4.50 per wk.	None	Result of contract expiration. Contract term—1 yr.
New England Telephone & Telegraph Co. Maine, Mass., N. H., R. I., Vt. *New England Federation of Telephone Traffic Workers, Telephone Workers, Telephone Accounting Workers, Telephone Directory Workers (all ind.)*	32,396 WE (Total all unions) 11-13-55	From $2 to $3 per wk. Telephone Workers; from $2 to $5 per wk.—All other unions	Max. accident death benefit increased from $10,000 to $30,000	Result of wage reopening. Length of contract—15 mos. Directory Workers, first contract
New Jersey Bell Telephone Co. Statewide, N. J. *Communications Workers, AFL-CIO*	8,800 WE 500 S 11-6-55	From $2 to $2.50 per wk.	(1) Vacation incr. from 2 to 3 wks. for employees engaged in 2nd and 3rd quarters of preceding year (2) Junior service asst. differential incr. from $2.50 to $3 per wk. (3) Night differential incr. $.10	Result of contract reopening.
Pacific Telephone & Telegraph Co. Southern Calif. *Communications Workers, AFL-CIO* (all locations)	10,111 WE 1,976 S 11-6-55	$3.696 per wk., av.—WE; $2.472 per wk., av.—S	*n.a.*	Result of contract expiration. Contract term—1 yr. and 5 days
Nev. and northern Calif.	18,656 WE 10-23-56	$4.086 per wk. av.—plant employees; $2.704 per wk. av.—traffic employees	Tour for operators and dining service employees shortened by ½ hr. on shift ending between 9:30 and 9:59 P.M.	Same as above
Wash. and northern Ida.	6,769 WE 534 S Same as above	$3.848 per wk. av.—plant employees; $2.554 per wk. —traffic employees; $2.375 per wk.—acc'tg.	Same as above	Same as above
Statewide Ore.	4,206 WE 857 S Same as above	$3.879 per wk. av.—plant employees; $2.607 per wk. av. — traffic employees; $3.29 per wk. av. — com'l employees; $2.31 per wk. av. — acctg. employees; $2.25 per wk. av.—treas. employees	Same as above; also carfare incr. from $.30 to $.40 for employees living beyond ½-mile radius of Portland, Klamath Falls and The Dalles	Same as above

Wage Adjustments Announced Prior to January 15, 1956—Continued

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Fabricated Metal Products				
Chase Brass and Copper Co. Waterbury, Conn. *Electrical Workers, AFL-CIO*	87 WE 11-14-55	$.10 per hr. plus 3½% to skilled trades	(1) Pension benefits incr. from $1.50 to $1.75 per mo. Pension agreement extended to 11-14-58 (2) Full company contribution to life ins. on 1st $2,000 Employee pays $.60 per thousand on add'l	Result of contract expiration. Contract term—1 yr.
Food and Kindred Products				
American Sugar Refining Co. Baltimore, Md. *Packinghouse Workers, AFL-CIO*	857 WE 12-1-55	$.15 per hr.	(1) Improved pension plan (2) New surgical max. of $300 (3) New life ins. max. of $2,000 with add'l equal amt. in case of accidental death or dismemberment (4) Extension of medical expense plan benefits to pensioners and their wives	Result of contract expiration. Contract term—1 yr.
General Mills, Inc. Jacksonville, Fla. *Teamsters, AFL-CIO*	40 WE 11-2-55	$.076 per hr. av.; plus $.02 per hr. 3-1-56; plus $.03 per hr. 11-2-56	*n.a.*	*n.a.*
Kankakee, Ill. *Oil, Chemical & Atomic Workers, AFL-CIO*	121 WE 11-8-55	$.155 per hr.	*n.a.*	*n.a.*
Godchaux Sugars, Inc. Reserve, La. *Packinghouse Workers, AFL-CIO*	750 WE 12-14-55	$.05 per hr.; add'l $.05 per hr. 1-1-56	None	Result of contract expiration. Contract expires 1-31-57
Swift & Co. Houston, Tex. *Packinghouse Workers, AFL-CIO*	20 WE 11-1-55	$.06 per hr.	None	Result of contract expiration. Contract term—1 yr.
St. Louis, Mo. *Teamsters, AFL-CIO*	45 WE Same as above	$.15 per hr.	*n.a.*	*n.a.*
St. Paul Union Stockyards Co. West Fargo, N. D. *Packinghouse Workers, AFL-CIO*	51 WE 11-16-55	$.14 per hr.	None	Result of contract expiration. Contract term—1 yr.
Leather and Leather Products				
Armour Tannery Parsons, W. Va. *Meat Cutters, AFL-CIO*	*n.a.* 11-15-55	$.075 per hr.	*n.a.*	Result of wage reopening
A. C. Lawrence Leather Co. (Division of Swift & Co.) Hazelwood, N. C. and Newport, Tenn. *Meat Cutters, AFL-CIO*	248 WE 11-4-55	$.075 per hr.	None	Result of wage reopening Contract expires 7-56
Machinery (except Electrical)				
Davis Engineering Corporation Elizabeth, N. J. *IUE, AFL-CIO*	70 WE 11-21-55	$.06 per hr.; add'l $.06 per hr. at start of 2nd yr.	(1) Improved life, hospital and medical ins. (2) Company pays difference in pay for 10 hrs.' jury duty (3) 3 wks.' vacation after 15 yrs.	Result of contract expiration. Contract term—2 yrs.
Food Machinery and Chemical Corporation Hoopeston, Ill. *Auto Workers, AFL-CIO*	203 WE 12-1-55	6% (av. $.1064 per hr.)	(1) Incr. Blue Cross contribution (2) 3 wks.' vacation after 15 yrs.	Contract expires 12-1-57. Reopening 12-1-56 for wages and pensions
General Register Corp. New York, N. Y. *IUE, AFL-CIO—WE* *No union—S*	40 WE 10 S 11-1-55	5%—WE 5% to 8%—S	None	Result of contract expiration. Contract term—2 yrs.

Wage Adjustments Announced Prior to January 15, 1956—Continued

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Koehring Company Milwaukee, Wis. *Machinists, AFL-CIO*	200 WE 11-21-55	$.05 per hr. av.	None	Result of wage reopening. Contract expires 3-1-57
Marlin-Rockwell, Inc. (Standard Division and Gurney Division) Jamestown and Falconer, N. Y. *UAW, AFL-CIO*	*n.a.* 10-10-55 (signed 11-2-55)	$.06 per hr., add'l $.08 per hr. for skilled trades, add'l $.08 per hr. 1956 and 1957—WE; $3.20 per wk., add'l $3.20 per wk., 1956 and 1957—S	(1) 7th pd. hol. (2) Christmas bonus of up to 1 wks'. pay for full year of service (3) $.05 per hr. to SUB Fund—WE; $2 per wk.—S	Result of contract expiration. Contract term—3 yrs.
Public Utilities				
Gulf States Utilities Co. Texas and Louisiana *Gulf States Employees Assn., ind.—WE* *No union—S*	2,000 WE 400 S 11-6-55 WE 10-16-55 S	4%	Existing 6 hols. become guaranteed	Result of contract expiration. Contract term—2 yrs.
Potomac Electric Power Company Washington, D. C. *Electric Utility Employees, ind.*	1,730 WE 754 S 12-1-55	$.075 per hr. av.—WE 3.6% av.—S	None	Result of wage reopening. Contract expires 12-1-56
Textile Mill Products				
Appleton Woolen Mills Appleton, Wis. *Textile Workers, AFL-CIO*	105 WE 11-5-55	$.03 per hr.	(1) 3 wks.' vacation after 20 yrs. (2) Improved hospital benefits (3) Added sickness and accident insurance: $20 per wk. for 13 wks. (company pays ½ cost)	Result of contract expiration. Contract term—2 yrs. Wage reopening after 1 yr.
Celanese Corporation of America Belvidere and Newark, N. J. *Textile Workers, AFL-CIO*	935 WE 11-3-55 (Belvidere) 11-1-55 (Newark)	$.10 per hr.; add'l $.03 per hr. for maintenance employees and tradesmen	(1) 1 add'l pd. hol. (Belvidere) (2) Increased vacation benefits (Belvidere)	Initial contract. Contract term—1 yr. (Belvidere) Result of contract expiration. Contract term—1 yr. (Newark)
Johnson & Johnson New Brunswick, N. J. *Textile Workers, AFL-CIO*	1,550 WE 11-15-55	$.08 per hr.	None	Result of wage reopening. Contract expires 5-15-56
Transportation				
Asbury Rapid Transit System Los Angeles, Calif. *Railway Trainmen, ind.*	71 WE 12-1-55	$.10 per hr., add'l $.05 per hr. 6-1-56	(1) 3 wks.' vacation after 12 yrs. instead of 15 yrs., 4 wks.' after 25 yrs. (2) 1½ times pay for work on 6 hols.	Result of contract expiration. Contract term—2 yrs. Wage reopening 12-1-56 in event of war and 15 points rise in cost of living
Eastern, Western and Southern Carriers Conference Committee Interstate *Employees' National Conference Committee of the following unions: Blacksmiths & Boilermakers, Electrical Workers, Firemen and Oilers, Hotel and Restaurant Employees, Machinists, Maintenance of Way Employees, Railroad Signalmen, Railroad Telegraphers, Railway Carmen, Railway Employees Dept., Railway and Steamship Clerks (all AFL-CIO)*	750,000 WE (approx) 12-1-55—wages; 3-1-56—hospitalization	$.135 per hr.—Hotel and Restaurant Employees; $.145 per hr.—All others	Hospital plan changed from contributory to non-contributory; Hotel and Restaurant Employees to be included in plan for the 1st time, the cost to be deducted from the hrly. incr.	Result of National Mediation Agreement
Metropolitan Coach Lines Los Angeles, Calif. *Railroad Trainmen, AFL-CIO*	1,012 WE 12-1-55	$.10 per hr.; add'l $.05 per hr. 6-1-56	(1) 3 wks.' vacation after 12 yrs. instead of 15 yrs., 4 wks.' after 25 yrs. (2) 1½ times pay for work on 6 hols.	Result of contract expiration. Contract term—2 yrs. Wage reopening 12-1-56 in event of war and 15 points rise in cost of living

Wage Adjustments Announced Prior to January 15, 1956—Continued

Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Railway Express Agency Interstate *Teamsters, AFL-CIO*	3,800 WE Retroactive to 1-1-55, New York; and 1-24-55, all other cities (signed 12-7-55)	$.08 per hr.; add'l $.03 per hr. 9-1-55 for New York only	Group ins. plan: employee contributes $1 per mo.; employer bears remaining costs	Result of contract expiration. Contract expires 12-31-56 for New York. Expiration indefinite for all other cities
San Diego Transit System San Diego, Calif. *Motor Coach Employees, AFL-CIO*	517 WE 12-1-55	$.06 per hr.	Improved pensions	Result of contract expiration. Contract term—18 mos.
United Air Lines Interstate *Flight Engineers, AFL-CIO*	460 WE 2-1-55	$46.88 per mo.	None	Result of contract expiration. Contract term—21 mos.
ransportation Equipment				
Clum Manufacturing Company Milwaukee, Wis. *Machinists, AFL-CIO*	190 WE 10-1-55 (signed 11-7-55)	$.05 per hr., add'l $.05 per hr. 10-1-56—incentive and unskilled workers; $.10 per hr., add'l $.10 per hr. 10-1-56—skilled workers	1 add'l paid hol.	Result of contract expiration. Contract term—2 yrs.
Detroit Gasket and Mfg. Co. Alpena, Belding, Detroit, Marine City and Muskegon, Mich. *UAW, AFL-CIO*	1,900 WE 11-55	$.28 per hr. package (includes wage incr. of unspecified amount)	(1) Pension plan (2) SUB (deferred AMC basis) (3) Improved: Cost of living adjustments, skilled trades, insurance, hol. pay, shift premium, overtime, call in pay	Result of expiration of local union contracts. Initial master contract. Contract expires 8-58
Hughes Aircraft Corp. Culver City, Calif. *Aircraft Industries Workers, and Electrical Workers (both AFL-CIO); Aircraft Welders*	10,008 WE 11-14-55	3.4% (av. $.066 per hr.)—WE; 3.5% (to nearest $.25)—S	(1) Incr. major medical benefits (2) 1 add'l "floating" hol. (3) Noncontributory insurance plan for employees only (4) Pension plan revised to provide vested interest after 10 yrs.' service (5) Incr. shift premium—swing shift only	Result of contract expiration. Contract term—3 yrs. Wage reopenings 11-14-56 and 11-14-57
Twin Coach Company Kent, Ohio *UAW, AFL-CIO*	312 WE 98 S 10-3-55 WE 10-1-55 S (signed 11-30-55)	$.07 per hr., add'l $.06 per hr. 1956 and 1957; add'l $.05 per hr. for skilled trades—WE; $11.83 per mo.—S	(1) 1 add'l pd. hol. (2) Improved health and welfare (3) Improved vacation pay (4) Incr. pension allowance (7-1-56) (5) Ford type SUB plan	Result of contract expiration. Contract expires 9-20-58
White Motor Company (Auto Car Div.) Exton, Pa. *UAW, AFL-CIO—WE* *No union—S*	302 WE 11-10-55	$.06 per hr. annual improvement factor; add'l $.08 per hr.—skilled trades, $.04 per hr.—semi-skilled	(1) Add'l $1,000 life ins., $1,500 accidental death (2) Improved pension plan (12-1-55) (3) SUB plan (1-1-57) (4) 1 add'l pd. hol. (5) Termination pay (6) Improved vacations (7) $.01 per hr., for cost of living	Result of contract expiration. Contract expires 6-15-58
Miscellaneous Manufacturing Industries				
The Black Bros. Tobacco Co. Wheeling, W. Va. *Brewery Workers, AFL-CIO*	60 WE 11-28-55	$.05 per hr.	3 days' paid funeral leave	Result of contract expiration. Contract term—18 mos.
Hammond Lumber Humboldt County, Calif. *Lumber and Sawmill Workers, AFL-CIO*	1,100 WE 12-1-55	$.0875 per hr.	*n.a.*	Result of wage reopening. Contract expires 4-1-57

Wage Adjustments Announced Prior to January 15, 1956—Continued

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Company and Union(s)	No. and Type of Employees;* Effective Date	Amount of Adjustment	Fringe Benefits**	Remarks
Kiechefer Container Company New Orleans, La. *Paperworkers, AFL-CIO*	106 WE 11-1-55	$.06 per hr.	*n.a.*	Result of wage reopening. Contract expires 10-1-56
Olin Mathieson Chemical Corp. East Alton, Ill. *Machinists, AFL-CIO*	3,449 WE 12-1-55	5% ($.0841 per hr.)	(1) 7th pd. hol. (2) 2 wks.' vacation after 3 yrs. instead of 5 yrs.	Result of contract expiration. Contract term—1 yr
Ruberoid Co. Dallas, Tex. *Paperworkers, AFL-CIO*	250 WE 11-7-55	$.07 per hr.	None	Result of contract expiration. Contract term—1 yr
Universal Atlas Cement Co. (Sub. of U. S. Steel) Fairborn, Ohio *Oil, Chemical & Atomic Workers, AFL-CIO*	*n.a.* 11-1-55	$.115 per hr., add'l $.005 per hr. incr. in increments (av. straight-time incr. $.139 per hr.)	None	Result of wage reopening. Contract expires 10-31-56
Miscellaneous Manufacturing Industries				
Associated General Contractors of America, Inc. Seattle, Wash. *Carpenters, AFL-CIO*	15,000 WE 1-1-56	$.14 per hr.; add'l $.10 per hr. 1-1-57 and 1-1-58	*n.a.*	Result of contract expiration. Contract term—3 yrs.
Prince & Co. Detroit, Mich. *Paperworkers, AFL-CIO*	120 WE 9-20-55 (signed 11-8-55)	$.06 per hr.; add'l $.05 per hr. 9-20-56	*n.a.*	Result of contract expiration. Contract term—2 yrs.

* WE, wage earner; S, salaried personnel; *n.a.*, not available.
** Fringe benefits include all benefits received by workers at a cost to employers.

(Text continued from page 75)

Louis, and San Francisco. The increase is retroactive to January, 1955. In addition, the New York City Teamsters received another 3-cent increase, retroactive to last September.

Transportation Equipment

Supplemental unemployment benefit plans are included in the three auto settlements listed. These settlements include five plants of the Detroit Gasket and Manufacturing Company, the Twin Coach Company, and the Auto Car Division of White Motor Company. Following the industry pattern, immediate and deferred wage increases are granted as well as other fringe benefits.

Hughes Aircraft Corporation, in an agreement with the Aircraft Industries Workers and the Electrical Workers, both AFL-CIO, boosted wages and salaries about 3.5%. The three-year contract involving over 15,000 wage and salaried employees provides increased major medical benefits, noncontributory insurance, and vested pension rights after ten years of service with the company.

The forty-six settlements in the current report cover more than 900,000 wage and salaried employees. Details of these settlements are given in the table beginning on page 76.

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Statistical Division

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Studies in Business Economics

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No. 8—Union Health and Welfare Funds
No. 6—Full Employment and Scarcity
No. 5—Will the Guaranteed Annual Wage Work?

In the February Business Record

Examining the New Federal Budget—For the first time in years, the budget has gone out of the red and into the black. This shift has significant implications for the national economy; as government moves from deficit to surplus, downward pressures tend to be exerted on business activity. In examining the outlook for fiscal 1956 and 1957, however, this article sees good reasons why no strong deflationary effect will be felt.

Fast Tax Write-offs—The effectiveness of the government's policy permitting fast tax write-offs for expansion of defense facilities is discussed in this month's survey of business opinion. Most of the executives queried feel that the program has served as an inducement to defense plant expansion and dispersion. Their replies indicate, however, that other types of incentive might be more effective.

Second-half Outlook—Business in first-half 1956 seems to be following the lines expected by most economists. But there no longer is a clear trend of business conditions; and predictions for the last half of the year vary widely. "Patterns for 1956" examines the "special and tricky uncertainties" in the second-half outlook.

Productivity Trends—Of the various statistics that describe our economic progress, one of the most significant is a very little number. It is the average rate of gain in output per man-hour—2% per year. This article (the first of a three-part series) studies the rate of capital investment since 1909, and its contribution to the productivity of labor.

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encourage education

Few companies question the value of the employee who never stops learning and who wants to increase his knowledge, both as it relates to his job and the world in general. But does this mean that a company should encourage the employee's educational endeavors to the extent of paying all or part of his tuition?

An increasing number of companies would probably answer yes to this question. They believe that tuition-aid programs directly benefit the company as well as the individual.

But, except for this basic concept, these programs often bear little resemblance to each other. For instance, approved subject matter in plan A adheres closely to job-related material, while in plan Z even dancing and painting are approved. Or, one company seeks wide participation in its program; another limits its plan to a small select group of employees.

The Board's new study, "Tuition-Aid Plans for Employees," discusses the major differences and the similarities of 166 such programs. A broad picture of tuition-aid is presented, along with detailed information on many individual company plans.

Any company planning to set up a tuition-aid program or to revise its present one should find much helpful information in this new report that was recently mailed to Associates.

TUITION-AID PLANS FOR EMPLOYEES—*Studies in Personnel Policy*, No. 151

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